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HU QILI ON IMPORTANCE OF DEVELOPING U.S. TIES

OW141350 Beijing XINHUA in English 1336 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- A senior official of the Communist Party of China (CPC) said here today that China attaches great importance to developing its relations with the United States.

"It doesn't matter if we have different views. What is important is that we have to increase our mutual understanding," he said.

Hu Qili, member of the Political Bureau and Secretariat of the CPC Central Committee, made these remarks at a meeting here this afternoon with Edmund G. Brown Jr., president of the U.S. Institute of National Strategy Study.

He told Brown that an important issue China has to solve in its reform is to expand socialist democracy and improve its socialist legal system so that the democratic rights of the people can be institutionalized and legalized.

China's reform, he said, started first in the ideological and political realm. Without major ideological and political changes, no reform is possible. "We hope that the Chinese people can get rich and at the same time have a healthy, sound and developing social environment," he said.

Brown said that the whole world is interested in China's reform. The United States and China, despite their different social systems, have a lot to learn from each other.

Bainqen Erdini Qoigyi Gyaincain, vice-chairman of China's National People's Congress Standing Committee, was present at the meeting.

DENG YINGCHAO RECEIVES CALIFORNIAN SCHOLARS

OW090734 Beijing XINHUA in English 0708 GMT 9 Jun 86

[Text] Beijing, June 9 (XINHUA) -- Deng Yingchao, chairperson of the Chinese People's Political Consultative Conference National Committee, met here today U.S. scholars Lilia Huiying Li and her husband George Oakley Totten. Li is fellow of the East Asian Studies Center of the University of Southern California, president of the China Seminar and president of the education committee of the Los Angeles-Guangzhou Friendship City Association. Over the past few years, she has led several groups of scholars from Los Angeles to China.

During the one hour meeting, Deng Yingchao, wife of the late Premier Zhou Enlai, spoke highly of Li's work for the promotion of understanding and friendship between China and the United States as well as exchanges between people on both sides of the Taiwan Strait. Li and her husband arrived here May 25, leading a 1986 Los Angeles summer study group.

PLA DEPUTY CHIEF CONCLUDES JAPAN VISIT 14 JUN

OW141042 Beijing XINHUA in English 1012 GMT 14 Jun 86

[Text] Tokyo, June 14 (XINHUA) -- Xu Xin, deputy chief of the General Staff of the Chinese People's Liberation Army, left for home today after a week-long visit to Japan. He was seen off at the airport by Seki Hiromoto, counsellor for international affairs of the Japanese Defense Agency, Zhang Shu, Chinese ambassador to Japan and Chinese Military Attache Miao Changrong.

Xu Xin arrived here on June 8 at the invitation of the Japanese Defense Agency. During his stay, he called on high-ranking officers of the Japanese Defense Agency, including Director-General Koichi Kato. Xu visited Hyakuri Air Base and Yokosuka Naval Base of the Japanese Self-Defense Forces and also toured Kyoto, Osaka, Nara and two military schools.

DPRK'S O CHIN-U MEETS PLA DELEGATION 14 JUN

OW141158 Beijing XINHUA in English 1149 GMT 14 Jun 86

[Text] Pyongyang, June 14 (XINHUA) -- O Chin-u, member of the Presidium of the Central Committee of the Workers' Party of Korea, met with a delegation of the Chinese People's Liberation Army (PLA) this afternoon. The PLA delegation is led by Li Jiulong, member of the Central Committee of the Chinese Communist Party and commander of the PLA's Jinan units.

O Chin-u, also minister of the People's Armed Forces of Korea, told the delegation that Korean people have always treasured the friendship between Korea and China and will continue to develop such friendship in the future. Li Jiulong said the PLA delegation hopes to learn about military and administrative training from the Korean People's Army. The delegation arrived here yesterday.

DPRK'S KIM IL-SONG CITES STEPS FOR REUNIFICATION

OW151102 Beijing XINHUA in English 0934 GMT 15 Jun 86

[Text] Pyongyang, June 15 (XINHUA) -- Korean President Kim Il-song pointed out that the most important step to achieve the reunification of the Korean peninsula is to "smash" the U.S. conspiracy of "two Koreas." He made these remarks in reply to questions raised by the editor-in-chief of the Yugoslav newspaper OSLOBODJENJE on 20 May.

This is a prerequisite for the Korean people to reunify their country independently and peacefully, Kim stressed. The newspaper NODONG SINMUN published in full his answers today. He said that the presence of the U.S. troops in South Korea makes it impossible to ease the tension in the peninsula.

On possible means to realize the reunification, the president reiterated the proposals of his government for tripartite talks among the Democratic People's Republic of Korea, the United States and South Korea, a peace agreement between Korea and the United States, a declaration of non-aggression between the North and the South of Korea. Provided this is done, the U.S. troops will be withdrawn from South Korea, tension in the peninsula will be eased and the relations between the North and South will be improved. Only in this way can the Korean people get united to achieve the peaceful reunification of the country by establishing a Democratic Confederate Republic of Koryo.

On the 24th Olympic Games, Kim said that the proposal for joint sponsorship by the North and the South of the games is fair and reasonable. And if it is accepted, the North will provide the best possible facilities for all events to be held in Pyongyang and warmly receive all the players.

The Korean leader also stated his views on the Non-Aligned Movement, saying that member countries of the movement, irrespective of their difference in social system and religious beliefs, should strengthen unity against arms race and stockpiling of weapons.

Kim expressed the hope that the eighth non-aligned summit to be convened in Harare, capital of Zimbabwe, in August will contribute to the settlement of the urgent problems in the world today, such as the anti-nuclear and peace movement, South-South cooperation and the establishment of a new international economic order.

KIM IL-SONG URGES NONALIGNED UNITY

OW130100 Beijing XINHUA in English 0039 GMT 13 Jan 86

[Excerpt] Belgrade, June 12 (XINHUA) -- All Non-aligned countries should strengthen unity, oppose the policy of war and condemn the arms race and stockpiling of weapons regardless of the differences in their social systems, political views and religious beliefs, Korean leader Kim Il-song said.

In an interview with Yugoslav's newspaper OSLOBODJENJE published by the official news agency TANJUG today, Kim said that non-aligned countries should not follow or join any bloc as big powers are trying to exert influence on them.

Non-aligned countries should respect each other's sovereignty and do not interfere in each other's internal affairs to make the Non-Aligned Movement an independent political force, Kim stressed in the interview which came before the eighth non-aligned summit to be convened in Harare, capital of Zimbabwe, in August.

The Korean leader maintained that newly liberated countries should solve their conflicts through peaceful means instead of force while non-aligned countries should refrain from taking steps to intensify such conflicts. Only in this way can unity of the Non-Aligned Movement be ensured, he noted.

PYONGYANG TO HOST INTERNATIONAL PEACE CONFERENCE

OW101921 Beijing XINHUA in English 1456 GMT 12 Jun 86

[Text] Pyongyang, June 10 (XINHUA) -- An international peace conference will be held here from September 6 to 8, Korean Central Television station announced tonight. The conference, held in conjunction with the International Year of Peace, will discuss making the Korean peninsula a nuclear-free zone of peace. The TV broadcast said that in December last year, the Workers' Party of Korea and 20 other political parties and social organizations had issued a joint statement demanding that the United States dismantle and remove its nuclear weapons from the Korean peninsula as a first step in making it a peace zone.

PHILIPPINES' SALVADOR LAUREL ARRIVES FOR 3-DAY VISIT

Departs Manila 15 Jun

OW150616 Beijing XINHUA in English 0605 GMT 15 Jun 86

[Text] Manila, June 15 (XINHUA) -- Philippine Vice-President and Foreign Minister Salvador Laurel and his wife left here for Beijing this morning for a three-day official visit to China at the invitation of the Chinese Government. The vice-president's official party includes Leticia Ramos Shahani, deputy minister of foreign affairs, and some other senior officials. During the visit, Laurel will have talks with Chinese leaders on bilateral relations and some regional matters of common concern. He told Chinese Ambassador to the Philippines Chen Songlu at the airport that "I am looking forward to my visit to China. I hope my visit will strengthen the friendship between the two countries."

This is Laurel's third visit abroad since President Corazon Aquino's government assumed power in February. The previous visits were made to Bali, Indonesia and Japan. The coming visit will be Laurel's third trip to China, following his previous two visits in 1972 and 1979.

Arrives in Beijing

OW151002 Beijing XINHUA in English 0932 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- Salvador Laurel, vice-president and foreign minister of the Philippines, and Mrs Laurel, arrived here by special plane this afternoon for a four-day official visit to China at the invitation of the Chinese Government. Laurel, who toured China in 1972 and 1979, is the first high-ranking leader from the Philippines to visit China since the new Philippine Government was formed last February. The vice-president will discuss with Chinese leaders on bilateral relations and international issues of common interest.

Upon their arrival in Beijing, Laurel and his party were greeted at the airport by Zhu Muzhi, chairman of the Chinese Government Reception Committee and minister of culture and Liu Shuqing, vice-minister of foreign affairs.

Feted by Ulanhu

OW151415 Beijing XINHUA in English 1349 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- Vice-President Ulanhu said here today that the Chinese people highly value their friendship with the Filipino people. "We wish to work together with our Filipino friends for further strengthening the friendly relations and cooperation between our two countries," he said.

Ulanhu made these remarks at a banquet given by him in honor of Philippine Vice-President and Foreign Minister Salvador H. Laurel and Mrs. Laurel in the Great Hall of the People here this evening.

He said Laurel's current official visit to China soon after the formation of the new government in the Philippines has shown the importance the Philippine Government and Laurel himself have attached to the development of Sino-Filipino friendly relations and cooperation. He noted that new progress has been made in the Sino-Filipino friendly relations since the new Philippine Government was formed.

Ulanhu said that the Chinese people are deeply concerned with peace and stability of Southeast Asia. He said the Chinese Government highly appreciates a joint statement issued by Laurel and foreign ministers of other ASEAN countries not long ago in Indonesia's Bali in supporting the constructive eight-point proposal for a political settlement of the Kampuchea question put forward by the Coalition Government of Democratic Kampuchea, condemning the Vietnamese acts of aggression and urging the withdrawal of Vietnamese troops from that country.

"We hope that the people in Asia and the rest of the world enjoy peace together and achieve development and progress. Therefore, the Chinese Government unswervingly pursues an independent foreign policy of peace. It is our sincere desire to establish and develop good-neighborly and friendly relations with Southeast Asian nations who are our close neighbours," he said.

In his toast, Laurel extended to his hosts the warm greetings and best wishes of President Corazon C. Aquino and the Philippine people. Philippines' links with China go back as early as the 10th century, he said. His country has forged a relationship that is deeply rooted in the Philippine history and culture. Laurel said his delegation is here to "renew friendships and make new ones, and to reaffirm the very principles on which our relationship was established."

The vice-president spoke highly of China's achievements in its national economy, adding that the Philippines takes great interest in China's economic reforms. As the Philippine Government has adopted policies designed to make the Philippine economy more open and competitive, there will be more opportunities for an expanded economic cooperative ties with China, he said.

The Philippines also intends to expand the range of its contacts with China in the scientific and technological fields, he said. The vice-president noted that the cultural links between the two countries are being strengthened. All these exchanges have created an excellent environment for relations between the Philippines and China. "We can continue to explore new areas of cooperation with much confidence," he said. "As we look ahead into the future, we are encouraged in the belief that we can foster a more dynamic partnership."

Attending the dinner were Chinese State Councillor and Foreign Minister Wu Xueqian, Zhu Muzhi, chairman of the Chinese Government Reception Committee and minister of culture, and Laurel's entourage.

After his arrival here this afternoon, Laurel was honored at a ceremony at the plaza to the east of the Great Hall of the People, presided over by Ulanhu.

Holds Talks with Zhao Ziyang

OW160951 Beijing XINHUA in English 0932 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Premier Zhao Ziyang said today he believed the Philippines could look forward to domestic stability and economic development under the leadership of the new government.

He said China and the Philippines had been friendly neighbors historically, and their friendly relations had strengthened since the new government came to power. The Chinese Government appreciates the Philippine Government's enthusiasm for promoting bilateral friendship. Zhao was speaking at a meeting here with Philippine Vice-President Salvador Laurel, who is on an official visit to China.

Laurel said, the Philippines and China had never been enemies, and there was every reason for them to become close friends. He spoke highly of China's support for the new Philippine Government.

Zhao said it was China's policy to promote friendly relations with countries from the Association of South-East Asian Nations (ASEAN), and to wish them solidarity and prosperity. The Chinese Government values highly these countries' contributions to peace and stability in the region, Zhao said.

Laurel said the South-East Asian nations look forward to increased political and economic co-operation with China. He briefed Zhao on the new Philippine Government's efforts to promote stability and develop the economy. The existence of all governments depends on them winning the trust of the people.

Zhao said China was making economic strides while exploring new means of development. The reforms are succeeding without serious setbacks.

Both leaders agreed that barter trade was good for developing countries such as theirs. They also agreed that China and the Philippines shared similar views on the Kampuchean problem, and Laurel expressed his appreciation of China's support for the eight-point proposal for a political settlement in Kampuchea. The Chinese premier asked Laurel to convey to Corazon Aquino his best wishes and those of President Li Xiannian and other Chinese leaders. He invited Mrs Aquino to visit China at a convenient date. Attending the talks were Chinese Foreign Minister and State Councillor Wu Xueqian, Chinese Culture Minister Zhu Muzhi, Philippine Deputy Foreign Minister Leticia Shahani and Philippine Ambassador to China Alfonso Yuchengco.

ZHAO ZIYANG RECEIVES NEW PHILIPPINE AMBASSADOR

OW160800 Beijing XINHUA in English 0717 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Chinese Premier Zhao Ziyang met Alfonso T. Yuchengco, newly appointed ambassador of the Philippines to China, in the Great Hall of the People here this morning.

RADIO BEIJING INTERVIEWS PHILIPPINE AMBASSADOR

HK131024 Beijing International Service in English 1130 GMT 12 Jun 86

[Feature program: "Interview With Philippine Ambassador to China, His Excellency Alfredo Yuchengco, on the Occasion of Philippine Independence Day"]

[Excerpts] [Radio Beijing -- RB]: China and the Philippines have a long traditional friendship. There is much interaction and exchanbge between the two nations. How do you think can we further develop these relations?

[Yuchengco] The relationship between China and the Philippines goes back almost 1,000 years, way before Magellan discovered the Philippines. Even in the early 11th century, there was already trade and commerce between our two countries. As you probably know, the Philippines have officially half a million Chinese. But this figure does not include the Chinese who are now Filipino citizens, nor does it include second, third, and fourth generation Chinese-Filipinos. Since diplomatic relations between our two countries was restored in 1975, after the liberation of China, trade has increased substantially. In 1985, total trade between our two countries amounted to less than U.S. $300 million. In 1986, the projected trade is estimated to be U.S. $360 million. Right after the people's revolution in February, China was the first country to send a mission to the Philippines. The cultural delegation headed by your cultural minister was very well received in my country. Your cultural minister was able to call on Vice President Laurel and President Aquino, aside from other senior officials in the Philippines. A cultural agreement was entered into by our two countries. Under this agreement, both sides agreed to exchange professors, students, as well as cultural exhibitions. This is one way of promoting a close relationship between our two countries. And we would like to see this agreement fully implemented, if not expanded.

Our vice president, Mr Laurel, is expected to visit Beijing sometime this month. This will be his second official foreign visit since the new government took power. As you know, Marcos left behind very severe political and economic problems for President Aquino. It will take titanic efforts and time to solve these problems. At this particular time, Philippines needs the help and understanding of all our friends, especially the ones in our own region in Asia. It is hoped that China will extend financial and other assistance to the Philippines during the visit to Vice President Laurel. We will never forget a friend who helps us during our hour of need. There is a saying: A friend in need is a friend indeed.

[RB] Mr Ambassador, we know that you just arrived in Beijing and we want to know your impressions of the place.

[Yuchengco] I have visited Beijing several times since the liberation of China. The first visit was when the Philippines reestablished diplomatic relations with China in 1975. I again visited China in 1982 as president of Federation of Afro-Asian Insurers and Reinsurers. At that time, the federation was invited by People's Insurance Company of China to hold its executive committee meeting here. At that meeting, I had occasion to meet Vice Premier Yao Yilin, and I must say I was very impressed with Vice Premier Yao. In 1985, I returned for the general meeting of the Federation of Afro-Asian Insurers and Reinsurers. More than 750 people attended last year's meeting. The 1985 general meeting was also sponsored by the People's Insurance Company of China, and everyone had nothing but praise for the People's Insurance Company of China. Both in 1982 and 1985, I took advantage of the two trips to visit many other cities, including Guangzhou, Guilin, Hangzhou, Shanghai, Nanjing, Inner Mongolia, Lhasa in Tibet, and [word indistinct]. I remember in 1975, there was almost no cars in the streets and practically no foreign tourists. In 1982, I noticed an increase in number of cars and foreign tourists, but the increases in both cases were not substantial. I was flabbergasted in 1985 at the number of cars, television sets, and foreign tourists in China.

If I may be permitted to be very frank, I think one should control the number of tourists coming to China. One should not accept more tourists than there are available facilities. In 1985, I noticed that many tourists were sleeping in the lobby of hotels, and also many tourists were bumped off airplanes in spite of confirmed reservations. This does not create goodwill. I think although China imported too many cars and other luxury goods in the past 2 years, I understand the government is now correcting the situation.

One last point I would like to mention is the sanitary facilities available in Beijing. I think with the number of tourists coming here, it can stand some improvement, especially in the public tourist spots like the Great Wall, the Ming Tombs, etc.

[RB] Thank you very much, Mr Ambassador.

TALKS WITH PORTUGAL ON MACAO TO BEGIN 30 JUN

OW160818 Beijing XINHUA in English 0802 GMT 16 Jun 86

["Press communique" -- XINHUA headline]

[Text] Beijing, June 16 (XINHUA) -- The government of the People's Republic of China and the government of the Republic of Portugal have decided through consultations that the first round of talks on the settlement of the question of Macao be held on 30 June and 1 July 1986 in Beijing.

AUSTRALIA'S HAWKE EXPLAINS NUCLEAR ARMS STAND

OW081813 Beijing XINHUA in English 1733 GMT 8 Jun 86

[Text] Canberra, June 8 (XINHUA) -- Australian Prime Minister Robert Hawke today explained Australia's stand to the recent development of U.S. and Soviet attitudes toward the limitation of nuclear weapons.

Speaking at the Labor Party conference of the South Australian State, Hawke disclosed that he recently wrote to U.S. President Ronald Reagan to express Australia's concern over the U.S. intention to breach the arms limitations set out in the SALT II Treaty and wrote to Soviet leader Mikhail Gorbachev urging the Soviet Union in the strongest terms to demonstrate full compliance with existing agreements. He said that in a world where nuclear weapons exist, the main concern must be the avoidance of nuclear war.

Referring to the South Pacific Nuclear Free Zone Treaty, he noted that Australia associates itself with the common aspiration of South Pacific countries to prevent the testing, acquisition, production and stationing of nuclear weapons and the dumping of nuclear waste in the region.

Talking about the apartheid policy of the south African regime, he termed it a monstrously immoral system imposed by an armed and ruthless state apparatus on a largely defenceless black majority which continues to be denied the most elementary human rights. He said, his country will "support comprehensive mandatory economic sanctions (against the regime of South Africa) if the world community decides to apply them."

ZHU XUEFAN MEETS AUSTRALIAN PARLIAMENTARIAN

OW130824 Beijing XINHUA in English 0800 GMT 13 Jun 86

[Text] Beijing June 13 (XINHUA) -- Zhu Xuefan, vice-chairman of the National People's Congress Standing Committee, met with Ewen C. Cameron, member of the House of Representatives and whip of the Liberal Party in the Parliament of Australia, and Mrs. Cameron here today. The Camerons arrived here June 11 as guests of the Chinese People's Institute of Foreign Affairs and will travel to Xian, Kunming, Guangzhou and Shenzhen.

THIRD ROUND OF SINO-BHUTANESE BOUNDARY TALKS HELD

Wu Xueqian Meets Delegation

OW131024 Beijing XINHUA in English 0952 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- State Councillor and Foreign Minister Wu Xueqian today met with a Bhutanese delegation led by Tashi Tobgyel, which has taken part in the third round of Sino-Bhutanese boundary talks here yesterday.

Wu said the present boundary talks and the previous two rounds of talks all proceeded in an extremely friendly atmosphere. The important content of China's foreign policy is to persevere in developing the good-neighbourly relations with its neighbouring countries and keep to equality among nations, big or small, he added. There is no fundamental conflict of interest between the two countries and China attaches great importance to its good neighbourly relations with Bhutan, he said. He expressed the belief that the boundary question will be settled satisfactorily through friendly consultations in line with the principles of equality, mutual benefit and accommodation.

Wu Xueqian welcomed more Bhutanese friends to visit China.

Tobgyel acknowledged that there exist longstanding traditional friendship between Bhutan and China. The third round of the boundary talks was short but proceeded in a friendly and candid atmosphere, he added. He said his country welcomed the Chinese delegation to go to Thimphu for the next round of boundary talks at a time convenient to both sides. He also briefed Wu Xueqian on the achievements scored by Bhutan in developing its national economy through self-reliant efforts.

Zhao Discusses Boundary Issue

OW141436 Beijing XINHUA in English 1425 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- Chinese Premier Zhao Ziyang expressed the hope today that the Sino-Bhutanese border will become a border of peace friendship.

Meeting a Bhutanese delegation here this afternoon, the premier expressed satisfaction with the third round of boundary talks in Beijing during which the Chinese and Bhutanese delegations exchanged views on the guiding principles for settling the boundary question in a frank and friendly atmosphere. He said, "It is China's sincere hope to settle the Sino-Bhutanese bounary question at an early date. Our boundary question is not so complicated and can be resolved easily."

Zhao expressed the hope that the two countries will make common efforts to find a solution satisfactory to both. China and Bhutan, he added, are friendly countries with no conflict of basic interests. China sets great store by its friendship with Bhutan, and will not interfere in Bhutan's internal affairs. He said he was glad to see increased contacts between the two countries in recent years and welcomed more Bhutanese friends to visit China.

Tashi Tobgyal, leader of the Bhutanese delegation to the boundary talks, said that during their stay in Bejing they felt that the Chinese Government is firmly following the five principles of peaceful coexistence, safeguarding peace and seeking development. He agreed that the two countries had no conflict of interests but a traditional friendship of long standing. The only problem they have is a undefined boundary, on which the two delegations had frank and friendly talks here. "We are looking forward to our talks in Thimpu next year," he added.

Communique Issued

OW141228 Beijing XINHUA in English 1156 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- A joint communique on the third round of the Chinese and Bhutanese boundary talks was released here today.

Signed by the leaders of the two delegations, the communique reads:

As decided at the second round of talks held at Thimphu (4-6 April 1985), the third round of bilateral boundary talks between Bhutan and China was held at the official level in Beijing from 12 to 15 June 1986. The delegation of the Kingdom of Bhutan was led by H.E. Lyonpo Tashi Tobgyal, ambassador extraordinary and plenipotentiary. The delegation of the People's Republic of China was led by H.E. Mr Liu Shuqing, vice-foreign minister.

The Bhutanese delegation had the honor to meet with H.E. Mr Zhao Ziyang, premier of the State Council of the People's Republic of China. H.E. Lyonpo Tashi Tobgyal conveyed His Majesty Jigme Singye Wangchuck, king of Bhutan's good wishes and greetings to H.E. Premier Zhao Ziyang. Premier Zhao Ziyang, reciprocating the sentiments of the king of Bhutan, requested H.E. Lyonpo Tashi Tobgyal to convey his greetings and good wishes to His Majesty Jigme Singye Wanghuck, king of Bhutan. The Bhutanese delegation also had the honor to meet with H.E. Mr Wu Xueqiank, state councillor and foreign minister of the People's Republic of China.

The third round of talks was held in a most cordial and friendly atmosphere and on the basis of soverign equality, mutual benefit and mutual accommodation. Both delegations felt that the talks had further enhanced the mutual understanding and the traditional friendship between the countries. They also reiterated their desire to maintain a peaceful and friendly border and expressed their keep determination to make every effort for an early settlement of the boundary question on the basis of the five principles of peaceful co-existence. The two sides expressed their satisfaction with the results of the talks.

The two delegations also had a useful exchange of views on international issues of mutual interest and concern and briefed on the efforts of their countries' economic development and commended the achievements made by the other side.

It was agreed that the fourth round of talks will be held around best [as received] part of the year 1987 in Thimphu. The precise dates for the meeting will be finalized after consultation between the two governments through normal diplomatic channels.

The Bhutanese delegation expressed their appreciation and gratitude to the Government of the People's Republic of China for the warm reception and gracious hospitality accorded to them during their stay in Beijing.

Delegation Departs

OW160824 Beijing XINHUA in English 0739 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- The Bhutanese delegation led by Tashi Tobgyel, left here for home by air today after attending the third round of Bhutanese-Chinese boundary talks.

FURTHER REPORTAGE ON HU YAOBANG'S EUROPEAN TRIP

HK140720 Beijing XINHUA Hong Kong Service in Chinese 1514 GMT 13 Jun 86

[Full text of 13 June speech by CPC Central Committee General Secretary Hu Yaobang at Congress of Industry and Commerce of FRG: "China Seeks To Develop Long-term Economic Cooperation With Europe" -- XINHUA headline]

[Text] Bonn, 13 Jun (XINHUA) - Hu Yaobang, general secretary of the CPC Central Committee, today delivered on invitation an important speech at the Congress of Industry and Commerce of the FRG. The full text of this speech, entitled "China Seeks To Develop Long-term Economic Cooperation With Europe," is as follows:

Mr Chairman,

Ladies and Gentlemen:

Thanks to the invitation of the Congress of Industry and Commerce of the FRG which gives me the opportunity to meet notable personages of the FRG economic circles today, first of all, would you, please, allow me to extend my heartfelt thanks to all the German friends who have made contributions to promoting the economic cooperation between our two countries.

Today, I would like to discuss with all of you the way of ensuring a steady and stable development of the economic cooperation between China on the one hand and the FRG and other Western European countries on the other, from now till the 21st century.

As all of you already know, it has been 7 years since China put into effect the policy of opening up to the outside world and expanding economic cooperation with foreign countries. Facts in the past 7 years have proved, as we had expected at the very beginning, that Western European countries are important partners for cooperation in economic development. By and large, gratifying progress has been made over the past few years in our economic cooperation with Western European countries, among which the FRG has always had the lead. And both of us are satisfied with the progress that has since been made. The fine economic relations between our two countries are reflected in many aspects. Here I would like to cite four points in particular:

First, bilateral trade has increased steadily without dramatic ups and downs. Over the years your country has always been China's number one trade partner in Western Europe. The FRG ranks third among other trade partners of China, next only to Japan and the United States. The total value of bilateral trade between China and the FRG in 1985 exceeded 3 billion, an increase of 38.8 percent over the previous year, and more than 11 times as much as 1972 when diplomatic relations were established between the two countries.

Second, the scope of cooperation is being increasingly broadened, and the ways of cooperation diversified. At present, the two countries have reached agreement on several hundred projects of economic cooperation, covering such fields as machine-building, chemical industry, civil engineering, coal industry, metallurgy, light industry, energy, communications, and transportation. The ways of cooperation and diversified, including cooperative production, compensation trade, joint venture, joint research and manufacture, export of labor service, and so on.

Not only has remarkable success been achieved in some large cooperative projects, a good start has also been made in cooperation with small-and medium-sized enterprises. Not only has the cooperation between the two countries at the federal or central level been constantly strengthened, exchange between provinces and states and between Chinese and FRG cities has also boomed. So far, 16 pairs of Chinese and FRG provinces, states, and cities have established partnership or friendly relationships, and positive results have als been scored in cooperation between the two countries in third countries.

Third, cooperation in science and technology is developing in breadth and depth. The two sides have concluded 37 agreements and protocols on large-scale scientific and technological cooperative projects. Some German companies have been transferring technology to China by the means of joint design and cooperation in production. The FRG Government and some non-governmental organizations have organized on their own or in cooperation with the Chinese Government many training courses and training centers, of which the latest example is the Modern Industrial Technical Training Center to be set up in Tianjin. In recent years, your country has sent many specialists and scholars to give lectures in China, to serve as consultants, or to assume official posts. All of them have done an excellent job, among whom Mr Werner Gerich, director of a plant in Wuhan City, is the best-known representative. In addition, the federal government and business community of your country have provided China with quite a number of scholarships, and some 1,700 people from China are studying or received training in various parts of the Federal Republic.

Fourth, initial results have been achieved in developing assistance and cooperation projects. At the beginning of the 1980's, the FRG Government recognized China as a developing country and started to provide technical assistance to China. This has been going on smoothly. In addition, the FRG entered into financial cooperation with China last year. The funds involved in these two items are increasing year by year, playing a positive role in promoting cooperation in medium- and small-sized projects.

The economic cooperation between our two countries has developed in breadth and depth in the short span of only a few years. This is by no means accidental, but a result of many factors.

First of all, there is no conflict of fundamental interests between China and the FRG. The friendly relations between the two countries have been developing smoothly since the establishment of diplomatic ties in 1972. In the current international situation, we both need peace and hope to achieve common prosperity through our cooperation. The FRG would like to see a developed and strong China and China also wishes the FRG prosperity. The economic cooperation between the two countries has a solid political foundation.

Second, China is the largest developing country in the world and abounds in human and material resources and has a vast and expanding market, but lacks construction funds, advanced technology, and managerial expertise. The FRG, as one of the most developed countries in the world, has abundant capital, advanced technology, and rich managerial experience, but is in need of market and raw materials. The economic structure of the two countries makes it possible for them to complement each other and make up for each other's deficiences and become good partners in long-term cooperation.

Third, persisting in implementing the policy of opening up to the outside world, China is actively seeking to expand economic and technological exchange and cooperation with foreign countries. Meanwhile, your country takes the stand of supporting China's opening-up policy, attaches importance to cooperation with China, and has made positive efforts. So, we happen to hold the same view.

Fourth, your country has two major favorable factors for developing cooperation with us: One is that it enjoys a good reputation among Chinese consumers for the good quality of its products, its reliable service, and its good faith in fulfilling contracts. Moreover, German workers, technicians, and engineers are widely acclaimed by the Chinese people for their conscientious attitude toward work and their high sense of efficiency. The other factor is that the FRG Government and business community have adopoted an enlightened attitude toward technological transfer. Of course, if you can overcome the drawback of high prices, it will help add to the competitive edge of your products.

Although gratifying progress has been made in the economic cooperation between our two countries, I do not think that both countries will be content with the existing state of affairs. As I see it, there is still a vast potential for cooperation between our two countries. During our Seventh 5-year Plan, beginning this year, the total volume of China's imports and exports is expected to increase by 40 percent, reaching at least 83 billion by the year 1990. Use of foreign capital and acquisition of advanced technology will also expand in scope accordingly, with emphasis on resources development projects, infrastructural construction, such as energy and transport projects, and technological transformation of the machine-building and electronics industries. In all these fields, the FRG is strong and can achieve a great deal.

As far as prospects of economic cooperation are concerned, our friends present at this gathering may ask whether China can uphold its opening-up policy during a long period to come. I think that why people have such a question in mind is understandable.

It will be impossible for an economically backward country with a large population like China to become prosperous without a long-term struggle for several decades or even a century. For this reason, we set the long-term target of quadrupling our gross annual value of industrial and agricultural production by the end of this century, with the 1980 record as a base figure, and then approaching the economic level of developed countries after about 50 years of efforts.

To meet this target, it is imperative for us to resolve two major problems: first, the need to clearly establish the guiding ideology on the orientation and path of development, and to formulate a whole set of principles and policies suited to China's conditions; and, second, the need to obtain neessary funds, technology, and trained personnel.

Regarding the first problem, I can tell you with assurance, we have, through 7 or 8 years' exploratory work, found the road to build socialism with Chinese characteristics, or at least we have sketched an outline. China has begun to reform the old highly-concentrated economic structure which operates the economy by administrative means and is vigorously developing the planned commodity economy based on public ownership. The reform has already brought substantial benefits to the broad masses of people. The orientation of reform will remain unchanged. This year, our main task is to perfect and consolidate the reform measures hat have already been introduced, and, from next year on, we will make greater strides in reform.

As for the second problem, I would frankly say it is still far from being solved. The development of a country depends mainly on its manpower and its intellectual, financial, and material resources. This is especially so for a big country with a population of 1 billion. Meanwhile, cooperation between countries is also indispensable. No country can proceed with modernization behind closed doors.

One of the important lessons we have learned is that China's economic stagnation and backwardness over the past 3 or 4 centuries were caused by prolonged, self-imposed seclusion. It is based precisely on this realization that we are determined to pursue the policy of opening up to the outside world for a long time to come.

Briefly, the main contents of China's opening-up policy in the economic and technological fields are: Expansion of imports and exports, utilization of foreign funds, acquisition of advanced scientific knowledge and technological know-how from abroad, learning advanced methods of enterprise operations and management, opening coastal cities, establishing special economic zones, and developing various forms of economic and technological cooperation. By the end of last year, China had utilized over $20 billion of foreign funds and approved the establishment of over 2,300 Chinese-foreign joint ventures, more than 3,700 cooperative enterprises, and 120 enterprises with exclusive foreign investment. Of course, this is but a beginning.

Everything is hard in the beginning. Due to lack of experience, some faults are inevitable in the course of opening up to the outside world. And misunderstanding between us and some friends can hardly be avoided while we are summing up experience and correcting our mistakes. Here I can responsibly tell you the door China has opened will never be closed again. Should there be any "change" in our policy of opening up to the outside world, the change will be that the policy be improved further with less flaws and become increasingly conducive to economic cooperation and exchange.

All of you are experts in international economic operation. As to how to develop economic cooperation more successfully between China on the one hand and the FRG and other Western European countries on the other, we are always ready to listen to your views and suggestions. Here I wish to offer some ideas for deliberation.

First, we should uphold a farsighted viewpoint. In light of our past experience, we feel that both your government and the German economic community have shown a deep insight in viewing things. Undoubtedly, this is extremely important to the development of cooperation. China's modernization is a magnificent project which can only be accomplished through the efforts of several generations. There is no doubt that the scope of cooperation between China and foreign countries will keep expanding as long as the economy is developing. For the moment, however, the scope of economic cooperation cannot help but be subject to restriction by our limited resources. In some cases, we are just "unable to do what we want very much to do;" in others, the projects concerned may not yield substantial profits on the part of our partners for the time being. In order to maintain the momentun of stable development in the cooperation between our two sides for a long time to come, we should not judge the gains or losses, benefits or disadvantages on the basis of a short period or a single issue. What is necessary is to make decisions from a broad and long-term viewpoint. From the farsighted point of view, we hope that you and our other friends in Western Europe will practice a policy of larger sales at smaller profits in trade, adopt a more open attitude to technological transfer, and grant more favorable payment terms. The Chinese people attach importance to friendship and good faith. All foreign friends who sincerely cooperate with China will eventually bring about the prosperity and development of their own businesses, while helping China develop.

Second, we should adhere to the principle of equality, mutual benefit, and reciprocity. A striking problem currently existing in the economic relations between China and the FRG is that the Chinese side has more imports than exports, resulting in an increased trade deficit.

This has adversely affected our payment capability and limited expansion of our imports. We do not demand absolutely balanced trade, nor do we stand for a reduction in our imports to solve this problem. As a country with a vast territory, a large population, and rich natural resources, China is developing its economy with a view to meeting the people's evergrowing needs. Such a condition determines that our economy must always be domestic market-oriented. We expand exports with the aim of raising imports. Therefore, in expanding expots, we will not contend with you for your market but will help to expand your market. We sincerely hope that the German side will take positive measures to help China expand its exports, so that the relations of economic cooperation between the two sides will develop more smoothly.

Third, we should have patience and mutual understanding. China's social system is different from that of the FRG and other Western European countries, and there are also differences in various specific rules and in ways of doing things. Therefore, in dealing with each other, it is difficult to avoid things of one kind or another that may fall short of our expectations. I am not going to shield our shortcomings. At present, we lack experience in the implementation of the opening-up policy, we are undergoing the process in which the new system is replacing the old one, and, in addition, long-standing bureautic pratices have not yet been removed. Therefore, dilatary style of work, disputes over trivial things, and poor working efficiency still exist. You must have had personal experience with these phenomena. Honestly speaking, I am even more discontented with such a status quo than you. And we are doing our utmost to improve the situation. Of course, in some cases, the blame should not be placed solely on us. Doing business involves the economic interests of both sides, and it is a general practice to get three different estimates when making a purchase. I think you must understand the knack in this more clearly than I. Under such tentative difficulties, if we are patient in long-term planning in the spirit of mutual understanding, we will surely find a way.

Fourth, we should try our best to explore various forms of cooperation. Different parts of China have greatly different circumstances and needs. In the wake of the reform, the decisionmaking power of provinces, cities, and enterprises has been expanded. Different states and enterprises of your country have their own strong points and; of course, they enjoy an even higher degree of decisionmaking power. Therefore, it is natural for us to develop cooperation in many forms, at multiple levels, and through multiple channels. Here I wish to point out in particular that we welcome enterpreneurs from your country and other Western European countries to make investments in China, incuding direct investments in our provinces, municipalities, and autonomous regions, and to establish joint ventures and run cooperative production projects with us. We also welcome you to establish plants with your exclusive investment. We welcome you to China, not only to start tertiary industry projects, but even more to exploit our natural resources and run manufacturing industries. In addition, we welcome you to do more to help us train qualified personnel and send a greater number of experts with real ability and learning to China to pass on their experience and knowledge. The great Chinese writer Lu Xun was correct in saying: "In fact there is no road in the world. Roads emerge because a lot of people have walked on them." I hope that you wil make greater strides and further enhance your pioneering spirit. I am sure that the road will become broader and broader.

I have heard a German saying: "Friendship will be terminated as far as the money matter is concerned." The economic cooperation between China and the FRG will naturally involve money. However, both the Chinese and German people attach great importance to friendship, and their friendship promotes cooperation, while mutually beneficial cooperation can certainly bring about common prosperity, thus furthering friendship. I believe that you, our friends, agree with my view. Let us join hands more closely and make positive and concerted efforts to turn this beautiful prospect into reality. Thank all of you.

Breakfasts With Genscher

OW131420 Beijing XINHUA in English 1353 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Visiting Chinese Communist Party General secretrary Hu Yaobang had breakfast with Federal German Foreign Minister Hans-Dietrich Genscher at his residence of the Steigenberger Hotel this morning. In a cordial and friendly atmosphere the two sides exchanged views on the development of bilateral relations and international issues of common concern. Present on the occasion were also Chinese Vice Premier Li Peng, Vice Foreign Minister Zhou Nan as well as ambassadors of the two countries.

Kohl Hosts Luncheon

OW131416 Beijing XINHUA in English 1355 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Visiting Chinese Communist Party Leader Hu Yaobang said here today that it is the Chinese peoples aspiration and the Chinese Governments steadfast policy to develop Sino-Federal German relations in all fields on the basis of long-term stability. "We are willing to make joint efforts with our Federal German friends to bring the friendly relations and coopertion between the two countries to a new and higher level," he said.

The general secretary of the Central Committee of the Communist Party of China made the statement at a luncheon hosted by Federal German Chancellor Helmut Kohl. The general secretary said he appreciated the chancellors remarks that people should not only think of the present generation but also the 21th century.

China and Federal Germany, Hu said, have enjoyed daily deepening friendly cooperation in political, economic, scientific and technical, cultural and educational fields since the two countries established diplomatic relations in 1972.

The general secretary listed the development of cooperation and exchanges between the two countries in the past few years and said that China and Federal Germany can go beyond their differences in social systems and ideologies with sincere aspiration to develop their cooperation on the basis of equality and mutual benefit.

The Chinese Communist Party leader is scheduled to hold talks with Chancellor Kohl and call on President Richard Von Weizsacker before he meets with representatives of the country's oppositions later today.

Hu Speaks at Luncheon

OW140356 Beijing XINHUA Domestic Service in Chinese 1600 GMT 13 Jun 86

[Text] Bonn, 13 Jun (XINHUA) -- FRG Chancellor Kohl hosted a luncheon in honor of visiting General Secretary of the CPC Central Committee Hu Yaobang at the (Schallmburg) palace today.

The two leaders spoke on the occasion. Chancellor Kohl described Hu Yaobang's visit as a "bridge of friendship" between the peoples of the two countries. Traditional friendship exists between the two peoples, and bilateral relations have grown even more close since the establishment of diplomatic relations in 1972. Kohl said that the FRG regards China as "a very important and trustworthy partner" in the politial field.

Kohl said that, despite differences in social systems and historical conditions, the FRG and China share identical views on many political issues. He said that both sides "focus their foreign polcies on consolidating world peace and stability," and that the "two governments call for the realization of the rights of self-determination of the Afghan and Cambodian peoples and the withdrawal of foreign troops from Afghanistan and Cambodia."

Kohl spoke highly of China's achievements in the economic reform and the open policy. He pledged to continue efforts to expand trade and step up economic and technological cooperation and cultural exchanges between the two countries.

In his speech, Hu Yaobang said that Sino-Federal German relations have entered "a new stage of all-round development" since the establishment of diplomatic ties in 1972. He said: "The emergence of such a gratifying situation in Sino-Federal German relations is not accidental. It is because neither conflict of fundamental interests nor pending historical problems exist between our two countries. What is more important is that the two countries have gone beyond their differences in social systems and ideologies in treating each other with sincerity and on friendly terms, and expressing the aspiration to develop cooperation on the basis of equality and mutual benefit." He said that it is the Chinese Government's steadfast policy to develop cooperative relations with the FRG in all fields on the basis of long-term stability.

Turning to the international situation, Hu Yaobang reaffirmed China's support for the FRG's efforts to safeguard peace in Europe and the world as a whole, promote unity and build up the strength of Western Europe, increase contacts with Eastern Europe, push for multipolarization of the world, and enhance friendship and cooperation between peoples of different countries. China is willing to further strengthen cooperation with the FRG in international affairs, he said. The fundamental goal of China's policy, he reiterated, is to oppose hegemonism, safeguard world peace, develop friendly cooperation with other countries, and promote common prosperity.

This morning, General Secretary Hu Yaobang had breakfast with Federal German Foreign Minister Genscher, during which they had a cordial talk.

Hu Yaobang delivered a speech at the German Congress of Industry and Commerce, entitled "China Seeks To Develop Long-term Economic Cooperation with Europe."

Hu Yaobang also held talks with Kohl today. They exchanged views on international issues of common interest, and bilateral relations. Afterwards, Hu Yaobang gave a press conference.

Further Remarks by Hu

OW131513 Beijing XINHUA in English 1428 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Chinese party leader Hu Yaobang said here today that through sustained efforts of the world people an enduring peace could be won. Speaking at a luncheon hosted by Federal German Chancellor Helmut Kohl, General Secretary Hu said although the arms race of the superpowers is still continuing while regional conflicts have increased, factors checking the war and forces safeguarding peace are daily growing.

The fundamental goal of Chinas foreign policy, he reiterated, is to oppose hegemonism, safeguard world peace, develop friendly cooperation with other countries and promote common prosperity.

He noted that China shares with Federal Germany converging or similar views on many major international issues and hopes to further strengthen their cooperation in world affairs. He appreciated two German nations aspiration to live in peace and increase mutual understanding. Hu said China supports efforts in developing exchanges between Eastern and Western Europe for the purpose of promoting a united and strong Europe and safeguarding peace in Europe and the world so as to make the world develop in the trend of multi-polarization.

Kohl's Luncheon Remarks

OW131535 Beijing XINHUA in English 1449 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Federal German Chancellor Helmut Kohl today said the relations between Federal Germany and China "are advancing on the sound track." Speaking at a luncheon given by him in honor of visiting General Secretary Hu Yaobang, Kohl said, the development of the relations that Federal German and Chinese statesmen are consciencely [as received] and firmly promoting, will have an impact on the future relations in the next country.

Since 1972, the maintenance of diplomatic relations between the two countries has benefited both sides and extended close ties advantageous to either side, Kohl said. "We describe China as a very important and credible partner in the political field," he said. Kohl held that China and Federal Germany always have identical views on political comments, benefits involving both sides and fixing of the objectives.

In order to keep up the cooperation for peace, Kohl said, Federal Germany and China are against acts injuring international peace order. The Federal German and Chinese Governments call for the realization of the rights of self-determination of the Afghan and Kampuchean peoples and the withdrawal of foreign troops from Afghanistan and Kampuchea, Kohl said.

Citing achievements in the smoothly cooperative relations, Kohl said that the economies of our two countries are complementary to each other. This complementarity [as received] has laid a basis to the development of the bilateral economic relations and also provides broad prospects in this regard, he added. It is a primary task for statesmen to point out a way to make people closer, he said, adding that "we are advancing on the sound track."

Hu, Kohl Hold Talks

OW131809 Beijing XINHUA in English 1802 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, held two rounds of talks with Federal German Chancellor Helmut Kohl here today. A spokesman for the Chinese Foreign Ministry told reporters that the two leaders exchanged views on exchange and cooperation between the two countries in the fields of politics, economy, science and technology, education and culture.

The spokesman said both sides were satisfied with the development of bilateral relations over the past few years and agreed that the two countries should consider their cooperation from a long-term point of view. He said the two leaders also discussed international issues of common interest and they shared identical or similar views on the issues. Chinese Vice-Premier Li Peng attended the talks.

Hu Gives Press Conference

HK140330 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1816 GMT 13 Jun 86

[Text] Bonn, 13 Jun (ZHONGGUO XINWEN SHE) -- Before answering reporters' questions at a news conference in Bonn this afternoon, CPC Central Committee General Secretary Hu Yaobang said that as a result of his 2 short days of visits to Bonn and other places, "I feel profoundly that Sino-German friendship has gone deep into people's minds." "There are great and extremely broad prospects for friendship and cooperation between our two countries, which is based on mutual respect, equality, and mutual benefit."

Hu Yaobang then proceeded to answer reporters' questions. Vice Premier Li Peng and Vice Chairman Fei Xiaotong attended the news conference.

German radio reporter: Did you discuss with the chancellor the Chernobyl nuclear power station accident and the deployment of Soviet guided missiles on China's borders?

Hu Yaobang replied: There was a slight mention of nuclear cooperation. We exchanged some views on the Chernobyl nuclear power station accident. We did not discuss this time the deployment of Soviet guided missiles on China's border. Our friends are very concerned for China to promote safety cooperation with various countries in its nuclear power development. I will ask Vice Premier Li Peng to speak on this matter.

Li Peng: China's nuclear power station construction effort has only just started. (Hu Yaobang: We do not have a single station at present.) Not one is in operation. This provides a condition for us: We can seriously absorb the lesson of the Chernobyl nuclear power station accident in the Soviet Union and can build our stations a bit better. The technology now being adopted by China is also completely different from that at Chernobyl; it is relatively mature technology in which operational experience has been acquired over a long period. China has abundant coal and water conservancy resources, and so we will not rely solely on nuclear power stations to solve our electric power problem. We are welcome to undertake extensive cooperation with a number of countries on the question of nuclear power station safety.

Reporter Li Wai-hing of the Hong Kong TA KUNG PAO asked: some FRG newspapers publish commentaries today saying that General Secretary Hu has made great contributions on two issues: 1) He has spurred the lowering of the average age of the CPC's cadres and brought a large number of young and relatively well-educated cadres into the center of power. 2) He has enabled China's intellectuals to enjoy relatively great freedom again, including freedom in literature and art creation. Would General Secretary Hu kindly give his views on these two matters?

Hu Yaobang: I have made some contribution on these two matters and also on some other issues, but these could not be called great contributions.

Regarding the effort to make our cadre structure younger and better educated, the current state of progress is roughly as follows: There are about 10 million party and state cadres. Over 2 million have already retired due to overage. About 2 million have been promoted from among young people (including middle-aged and young), who have relatively high standards of education and knowledge. This business has not yet been completed, and further readjustment is necessary. I estimate that by the time of the 13th party congress next year, several hundred thousand more will have retired or been promoted.

On the question of policies regarding intellectuals, during several decades of history there were periods when we acted correctly and relatively well, and there were also periods when we made mistakes. In the 1930's, at Chairman Mao Zedong's proposal, the CPC issued a resolution on recruiting large numbers of intellectuals and correctly treating the intellectuals. It can be said that in the 20 years from the 1930's to the 1950's, our policy toward the intellectuals (including writers, artists, and scientists) made them very satisfied. Then, for nearly 20 years, beginning probably in 1957, we made mistakes in treating the intellectuals, and it could be said that we made serious mistakes. Beginning 7 years ago -- that is, since the 3d Plenary Session of the 11th CPC Central Committee, we have not only resumed our correct methods of the past but have also developed and enriched the policies toward the intellectuals. I can say in a responsible way that 95 to 98 percent of the intellectuals are satisfied. Professor Fei Xiaotong, who is with us today, is a Chinese intellectual, and if you like you can ask him to confirm this.

A reporter from a private West German radio station asked: China desires to strengthen its economic relations with Europe. Does China have special desires in this respect regarding the FRG?

Hu Yaobang: We desire to develop friendship and cooperation in the economic field with all countries in the world on the basis of equality and mutual benefit. Chairman Deng Xiaoping has said that our foreign policy is to open up the countries of the West, to the socialist countries, and also to the Third World. Western Europe, and especially the FRG, is one of the countries to which we pay particular attention [sentence as received]. This is because they have fine technology and product quality and relatively good service quality. Both sides strongly desire to cooperate.

Reporter of West German radio: Many German enterprises want to invest in China, but they need certain security guarantees. They would like to know if China's open policy can be sustained.

Hu Yaobang: Foreign investment in China in recent years has amounted to $16 billion. The United States ranks first in this investment. We will not violate the principle of mutual benefit. If certain foreign businessmen are still worried, they should take another look; we have signed investment protection agreements with many countries.

A VOA reporter said: In your talks with Foreign Minister Genscher, did you agree with the views of the FRG on the questions of Afghanistan and Cambodia?

Hu Yaobang: I mentioned our views on the Afghan and Cambodian questions. Herr Genscher did not express views different from mine, nor did he mention the FRG's policies on these matters.

A reporter of the Hong Kong WEN WEI PO: Some people say that China has decided to store West German nuclear waste in exchange for West German technology. Is there any new development in this matter?

Li Peng: China is not prepared to accept any country's nuclear waste for storage in China.

Reporter of the Voice of Germany radio: You just said that one or two countries have similar or identical views on many issues. Does this issue the question of disarmament, and evaluation of the latest Soviet disarmament proposals?

Hu Yaobang: We had a simple exchange of views on the disarmament issue without discussing it in depth. On this issue, China has consistently advocated that the big powers should take the lead, especially the big nuclear powers. China will certainly not lag behind. I did not talk about how we had reduced the number of our forces by 1 million all at once.

Reporter of TIME: Many problems have cropped up in the modernization drive, such as inflation together with unhealthy trends, corruption, embezzlement, and so on in China. Mr General Secretary, how do you propose solving those problems?

Hu Yaobang: The range of price rises in China last year was a bit high, but I do not think it could be called inflation. We have controlled things too rigidly as regards prices over the past several decades, an this was not beneficial for economic reform. Our previous methods of pricing things proteted backward products. There has been no wavering in our resolved for reform. However, the speed of reform will slow down a bit this year and next.

A reporter of the SUNDAY TIMES of Nigeria: Did you discuss the U.S. Strategic Defense Initiative plan with Chancellor Kohl?

Hu Yaobang: No. We are not in favor of an arms race in space, but we are in favor of developing the peaceful use of sophisticated space technology.

Meets FRG President Weizsacker

OW131829 Beijing XINHUA in English 1822 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Hu Yaobang, visiting general secretary of the Central Committee of the Communist Party of China, met with Federal German President Richard Von Weizsacker at the presidential residence here this afternoon. The two leaders exchanged views on matters of common concern, Chinese sources said.

The Federal German president expresed this satisfaction with close ties between Federal Germany and China. General Secretary Hu expressed his good impression during the visit to Federal Germany and briefed the president on the situation of economic development and reform in China.

Earlier this morning, Hu had working breakfast with Federal German Vice-Chancellor and Foreign Minister Hans-Dietrich Genscher in Steigenberger Hotel where he stays. They exchanged views on bilateral relations and international issues of common concern at the breakfast.

Meets Green Party Members

OW140008 Beijing XINHUA in English 2344 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Hu Yaobang, the visiting Chinese Communist Party general secretary, met Uli Fischer, Green Party member of Bundestag, and other representatives of the Green Party this afternoon in the hotel where he stays. They had an exchange of views in a friendly atmosphere on world peace, ecology, nuclear energy and some other issues of mutual interest.

Hu said that as far as the maintenance of world peace and ecological balance is concerned, both sides share quite a few similar or identical points of view, notwithstanding some different opinions on certain problems.

Fischer told Hu that the Green Party is prepared to have some discussions with the Chinese Communist Party on their inter-party relations. Hu made it plain that the Communist Party of China is ready to have contacts and develop relations with all the political parties and groups which intend to have such relationship.

Present at the meeting on the Chinese side were Zhu Liang, head of the International Liaison Department of the Central Committee of the Communist Party of China, and Zhou Nan, vice minister of foreign affairs.

Roundup of Munich Activities

OW150725 Beijing XINHUA in English 0641 GMT 15 Jun 86

["Roundup: Hu Yaobang Warmly Welcomed in Munich" -- XINHUA headline]

[Text] Munich, June 14 (XINHUA) -- Visiting Chinese leader Hu Yaobang today received a warm welcome from the well-wishers of Bavaria when he arrived in Munich, the capital of the southern Federal German state which has developed close relations with China.

Several hundred people were waiting spontaneously in front of the City Hall, when the Chinese Communist Party general secretary arrived there this afternoon. He embraced a three-year-old girl, who ran out of the crowd to greet him.

What a pity it was, Hu said later to Mayor Georg Kronawitter, that he couldn't speak German to her. "It may be too late for me to learn a new language, but I would like to have my grandchildren learn your fine language from those Chinese students who are now studying in your city."

In the evening, speaking at a banquet held in his honor by Minister-President of Bavaria Franz-Josef Strauss, Hu reiterated that the expanding cooperation between China and Europe will undoubtedly make a greater contribution to safeguarding world peace and stability.

Hu also praised Minister-President Strauss for his far-sightedness on international issues. He noted that even in the early 1970s, Strauss had claimed that the days of superpower-domination in handling world affairs were over. He had called for the development of Sino-Federal German relations and for a more active Sino-West European joint role in handling world affairs.

"In Europe," General Secretary Hu said, "important progress has been made towards a united and strong Western Europe" while at the same time Eastern and Western Europe are increasing diplomatic exchanges. The present situation has proved, and will continue to prove, that a united and strong Europe is an important force in safeguarding world peace, he added.

Hu said he was very pleased to be in Munich because Bavaria has very close relations with China. In the past decade, Strauss has visited China three times and Bavaria has forged a partnership with China's Shandong Province and held a single-state economic exhibition in Qingdao. He assured Strauss that relations between China and Federal Germany will grow with long-term stability.

In his welcoming speech at the dinner, Strauss reaffirmed his deep conviction that a strong and independent China constitutes a factor of stability and peace in east Asia and in the world at large. Strauss, who met late Chairman Mao Zedong and Premier Zhao Enlai during his first visit to China in 1975, also expressed his satisfaction between China and Federal Germany and Bavaria in particular in the past decade.

Hu arrived in Munich after enjoying a boat-trip on the Rhine from St. Goarshausen to Bingen. Flanked by forests, vineyards and imposing fortresses, that part of the Rhine is regarded as the most beautiful of the 1,320-kilometer-long river.

Earlier today in Bonn, Hu met for a second round of talks with Social Democratic Party chairman Willy Brandt, who with Chancellor Helmut Kohl invited the Chinese leader to Federal Germany. Hu arrived in Bonn Thursday for a four-day visit after a trip to Britain.

Both leaders expressed satisfaction with the exchange of visits and cooperation between the two parties since Brandt's visit to China two years ago and explored ways to further develop friendly relations between two countries. They also exchanged views on relations between Eastern and Western Europe and other international issues of common concern.

Tomorrow, Hu is to visit an agricultural institute and a Barvarian farmer family in the suburbs of Munich before leaving for France to continue his four-nation European tour. He will also travel to Italy.

Visits Animal Hubandry Center

OW152036 Beijing XINHUA in English 1952 GMT 15 Jun 86

[Excerpt] Munich, June 15 (XINHUA) -- Chinese Communist Party leader Hu Yaobang, "impressed" by the developed animal husbandry here, said today there are "bright prospects" for further cooperation between China and Federal Germany in this field. This morning, Hu visited an animal husbandry research center in the suburbs of Munich. The center, the largest of its kind in the country, provides services to farmers including information delivery and disease prevention. The center also helps train personnel from other countries people from 17 nations, including China, are studying at the center.

During his visit, Hu said that he hoped the Chinese trainees would play an important role in developing China's animal husbandry when they return to China. The general secretary also expressed the hope that growth of the sheep and cattle population in Federal Germany and China would increase. Bavaria has a long history of animal breeding, about 90 percent of farmers there engage in animal husbandry.

Later, Hu visited a small village and spoke with a farmer in his home. Afterwards, Hu had his luncheon at a lake-side hotel where, sipping a mug of Bavarian beer, said it is one of the best in the world.

In the afternoon, Chinese Vice-Premier Li Peng discussed expansion of technical cooperation with Carl H. Hahn, chairman of the board of directors of the Volkswagen Company, Karl Heinz Kaske, chairman of the board of directors of the Siemens Company, and the chairman of the Federal German airline, Lufthansa, Heinz Ruhau.

French Officials Welcome Visit

OW140752 Beijing XINHUA in English 0709 GMT 14 Jun 86

[Text] Paris, June 13 (XINHUA) -- French officials say Chinese Communist Party leader Hu Yaobang's upcoming visit to France is "very important" and marks a "great stage" in the development of Franco-Chinese relations. Hu, general secretary of the Central Committee of the Communist Party of China, is scheduled to arrive Monday for a four-day official visit to France. He is now in Federal Germany on the second leg of his current four-nation European trip, which has taken him to Britain and will end in Italy.

In an interview with XINHUA Friday, an Elysee Palace official, who asked not to be named, said French leaders hope to see new developments in relations between the two countries, which were established by the late leaders Charles de Gaulle and Mao Zedong in 1964.

President Francois Mitterrand, said an Elysee spokeswoman, pays "particular attention" to the Franco-Chinese relations. Since Mitterand's China visit in 1983, bilateral relations have been strong, she said.

The two countries have similar views on major international events, but that is not enough, and President Mitterand is anxious for concrete results in bilateral relations, the spokeswoman continued. She expressed the hope that political consultations between leaders of the two countries would be as wide-ranged and deep as possible. Franco-Chinese trade has increased considerably, and is likely to increase even further following several important contracts signed in 1985. France will import more goods from China, the Elysee spokeswoman said.

An information official from the prime minister's office said the long history of Chinese civilization has "great attraction" to Prime Minister Jacques Chirac, who is interested in many aspects of Chinese culture.

Meanwhile, Francois de Villepin, president of the France-China committee, told XINHUA in an interview Friday that Hu's visit will strengthen China's links with France and Western Europe at large. He said General Secretary Hu's current European trip would help further improve China's economic and trade relations with West European countries. De Villepin said he hoped China's policy of opening to the outside world would continue but also strengthens its trade links with the West.

Three days before Hu's arrival, Paris is gearing up to give a warm welcome to its Chinese guest.

[BEIJING REVIEW on Hu's Tour]

OW131351 Beijing BEIJING REVIEW in English 9 Jun 86 p 4

[Article by Mu Youlin: "Hu Makes First Tour of Western Europe"]

[Text] Hu Yaobang, general secretary of the Central Committee of the Chinese Communist Party, will leave on June 9 for Britain, Federal Germany, France and Italy, the first official visit to Western Europe by a Chinese top leader in this capacity. Hu's tour is an event of far-reaching significance in the history of China's relations with Western Europe. It heralds a new stage in China's friendly cooperation with these countries.

Although their social systems and ideologies differ, China and Western Europe do not have conflicts of fundamental interest, nor are there any major obstacles to the development of their relations. Rather, they have the common goals of safeguarding world peace and further developing their own economies. They also share other intersts and common ground on many major international issues.

Both China and Western Europe sustained heavy losses during World War II. This common experience explains why neither wants to see war again. Both China and Western Europe are conscious of the heavy responsibilities of safeguarding world peace and stability. Both hope to see an improved East-West relationship. Both are working for the relaxation of international tension and oppose the arms race.

China's independent peaceful foreign policy and its refusal to form an alliance with any powers or groups of powers have contributed to world peace and stability. Western Europe is seeking to grow stronger through unity and is developing a "European consciousness."

China maintains that a united, powerful Western Europe is beneficial to Europe's security and stability and vital to world peace. China hopes Western Europe will continue its efforts for unity and will exert a still greater influence on world affairs. Western Europe in turn holds that a powerful and prosperous China is a balancing force in the world and poses no threat to Western Europe, but rather promotes Western Europe's independent development. Both are against power politics and advocate that countries large, medium or small should equally play their roles in world affairs and spur the world towards multi-polarity.

China, as the largest developing country with rich resources and a vast market, is pressing ahead with its modernization programme on an unprecedented scale. Western Europe, where industrially developed countries are concentrated and which possesses advanced technologies and abundant funds, is working to invigorate its economy and develop its sophisticated technologies. Each having its own economic advantages, China and Western Europe can complement each other, and should be partners rather than competitors. In the past few years, China's open policy has sparked the interest of Western Europe, and the prospects are bright for economic and technological cooperation between Western Europe and China.

In brief, China and Western Europe share the same or similar interests in politics and economics, and each has the desire to develop long-term and stable relations of friendship and cooperation, relationships which have a solid political foundation and favourable objective conditions. Such cooperation has had a good beginning and its potential for development is great.

General Secretary Hu Yaobang visits four West European countries with the desire to promote mutual understanding, strengthen friendship, expand cooperation and defend peace. While in these countries, he will exchange views with government and Party leaders of the four nations on international issue of common interest and the further development of bilateral relations. He will also travel places in each of these countries, meet local people and aquaint himself with the achievements and experience gained by these countries in various fields. It is hoped Hu's visit will strengthen mutual understanding on major issues, promote friendship between the peoples of China and Western Europe, and boost cooperation and exchanges in the economic, technological, cultural and scientific fields. The visit is not only in the interest of the peoples of China and Western Europe, but will also help uphold world peace and stability.

BUDAPEST TV INTERVIEWS WU XUEQIAN ON ECONOMIC REFORM

LD122302 Budapest Television Service in Hungarian 1955 GMT 12 Jun 86

[Interview with PRC Foreign Minister Wu Xueqian in Budapest by unidentified reporter; Wu Xueqian's answers in Chinese with superimposed Hungarian translation; from the "Panorama" program; date not given -- recorded]

[Text] For decades there has been no PRC foreign minister in our country. To be more precise, not since the 1957 visit by the great statesman Zhou Enlai. Now, since a decisive improvement has taken place in relations between Hungary and China and the relationship has become cordial, Foreign Minister Wu Xueqian, who is also a member of the CPC Politburo, has paid an official visit to our country. He was also received by Janos Kadar who spent nearly 2 hours with him. Minister Wu spoke in very warm terms about this meeting in the interview he gave to us. We will now quote other extracts from this conversation.

[Reporter] We here in Hungary are occupied with reforming our economy. We know that a large-scale economic process is going on in your country too. From our own experiences we know that at such times there are positive results, but negative developments also occur. How do you see these issues connected with the economic reform in the Chinese context?

[Wu Xueqian] Our economic reform has been going on for 5 or 6 years now. In the Seventh 5-Year Plan which is just starting we want to continue this reform further. We can say that in its phase so far reform has achieved major results in the villages. In the Seventh 5-Year Plan we basically want to realize this general economic reform in the towns. One of the objectives of our reform is to revive our country's economic life; to make it possible for our country -- as the result of a struggle over several decades -- to become a modern socialist country with Chinese characteristics. In the course of the reform we are sticking to two directives. One is that we keep to reform steadfastly and firmly; in other words, we want to carry out the reform whatever happens. On the other hand, it is also important that in introducing concrete reform measures we should advance with circumspection and deliberation. If we come up against difficulties in the course of reform, if problems of one kind or an other emerge, then we must sum up our experiences in time and make the necessary corrections.

[Reporter] What are the difficulties and the problems which you were so kind as to mention?

[Xu Xueqian] Our main problem is we have not yet fully carried out reform. Therefore, we are in a situation where the new and the old economic mechanisms are in force simultaneously. When in the course of reform, certain problems such as price movements occur, then both the new and the old mechanisms find expression.

[Reporter] Could you please give us more concrete details about the difficulties and problems that have arisen since reform began?

[Wu Xueqian] If we want to be specific, there are a great many. Prime Minister Zhao Ziyang mentioned these in his report. I will give some specific examples. One of the most important tasks we must perform today is handing down spheres of authority. We must achieve independence at our enterprises in the real sense of the word; they should dispose of their own profits, bear their losses themselves, and should be able to act independently in issues affecting the enterprise's work of economic production.

Apart from this the central plan directions must be replaced by plans which are in the form of a briefing. We must change the state of affairs where we centralized everything too rigidly. These are the most important problems which we must face today in the course of the general reform.

XINHUA ANALYSIS VIEWS WARSAW PACT PROPOSAL

OW131608 Beijing XINHUA in English 1554 GMT 13 Jun 86

["News Analysis: The New Disarmament Proposal From Budapest Summit" -- XINHUA headline]

[Text] Beijing, June 13 (XINHUA) -- It is not a bad time for the Soviet Union and its allies to make disarmament proposals: U.S. President Ronald Reagan is vowing to pull out of the SALT II Treaty, making many of his friends wonder how committed he is to arms control.

Now that leaders of the seven-member Warsaw Pact closed their two-day summit in Budapest with a major East-West troop reduction proposal, the United States and its NATO allies will have to sit down to scrutinize this arms reduction appeal before penning their own versions.

The Warsaw Pact proposal, which calls for an East-West troop reduction of 100,000 to 150,000 soldiers for each side over the next one or two years and a 25 percent cut in troop strength by the early 1990's, appears to be more dynamic than earlier proposals. It contained details of a general reduction call made by Soviet leader Mikhail Gorbachev on April 18 when he addressed a Democratic German Communist Party congress, and suggested a clear timetable for the reductions.

The Warsaw Pact also broadened its former stand on disarmament by agreeing to verification measures for arms reduction, including on-site inspection of disarmament and troop reduction efforts.

The issue of verification has long been a sticking point in the sterile Vienna negotiations of the past 13 years.

In NATO's eye, however, the latest initiatives -- which may to some extent reflect the wishes of Europeans who do not want to see an armed confrontation between the worlds two biggest military blocs -- would squeeze the U.S. Armed Forces out of Europe while maintaining a strong Soviet military presence there.

It is evident that the proposed equal troops cuts for both NATO and the Warsaw Pact would leave the Soviet Union with an advantage because the number of troops the Soviet Union now has stationed on the continent is much larger than that of the United States.

The United States has about 300,000 servicemen in Western Europe, but in Democratic Germany alone the Soviet Union has the same number of soldiers.

NATO may also consider it disappointing that the proposal failed to mention medium-range missiles stationed east of the Ural mountains when it offered to withdraw the Soviet rockets installed in Democratic Germany and Czechoslovakia in exchange for the U.S. dismantling of its medium-range missiles in Western Europe.

Washington has repeatedly stated that any deal on missiles in Europe should bring into account Soviet medium-range nuclear weapons based in Asia because these weapons may easily be moved into Europe in case of emergency.

But despite all these differences, the proposal may signify a step toward reaching some kind of agreement, particularly in areas like verification.

NATO quickly responded to the proposal, saying the reduction plan is "welcome," and refrained from calling it a propaganda ploy.

Western European countries are expected to probe further what they may think are constructive points in the proposal by the Warsaw Pact, which groups the Soviet Union, Czechoslovakia, Bulgaria, Hungary, Poland, Democratic Germany and Romania. However, whether the proposal can break the decade-old deadlock of East-West disarmament talks remains to be seen.

One think is sure, however: the proposal will put more pressure on the U.S. Administration for action on disarmament as major NATO members, including Britain, have expressed opposition to the U.S. decision to scrap the 1979 U.S.-Soviet Strategic Arms Limitation Treaty (SALT II).

WAN SHAOFEN LEADS CPC GROUP TO ROMANIA, SFRY

OW120732 Beijing XINHUA in English 0638 GMT 12 Jun 86

[Text] Beijing, June 12 (XINHUA) -- A Chinese Communist Party workers delegation left here this morning to make friendship visits to Yugoslavia and Romania.

The delegation, led by Wan Shaofen, secretary of the Jiangxi Provincial Committee of the Chinese Communist Party, is to visit the two countries at the invitation of the Central Committee of the League of Communists of Yugoslavia and the Central Committee of the Romanian Communist Party.

PRC, CSSR SIGN ECONOMIC COOPERATION ACCORD

OW131433 Beijing XINHUA in English 1403 GMT 13 Jun 86

[Text] Prague, June 13 (XINHUA) -- China and Czechoslovaskia will further expand their economic cooperation under an agreement signed here Thursday.

Lu Dong, Chinese minister in charge of the State Economic Commission, and Vladimir Janza, Czechoslavak vice chairman of the State Planning Commission, signed the document.

During his week-long stay here, Lu discussed bilateral economic relations with premier Lubomir Strougal and other Czechoslovak officials. Both sides expressed the desire to further economic and technological cooperation between the two countries.

The Chinese minister left Prague for home today.

CONDEMNATION OF SOUTH AFRICA'S STATE OF EMERGENCY

OW131034 Beijing XINHUA in English 1016 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- China today condemned Pretoria for declaring "the state of emergency" in South Africa yesterday on the eve of the South African people's commemoration of the 10th anniversary of the Soweto carnage.

The Chinese Foreign Ministry said in a statement: "The Chinese Government and people express their deep indignation and strongly condemn the South African authorities for the barbarous act of intensifying their racist rule and suppressing the South African people."

"The Chinese Government and people will as always, unswervingly side with the people of South Africa and give them continued support in their just struggle until their victory," the statement said. It said that Pretoria will never succeed to stamp out the flames of the struggle against apartheid of the people in South Africa.

AFRICAN DIPLOMATS SEEK GUARANTEES FOR STUDENTS

HK111009 Hong Kong AFP in English 0957 GMT 11 Jun 86

[Text] Beijing, June 11 (AFP) -- A committee of African diplomats here is to ask the Chinese authorities for guarantees that African students will be protected in future, following a clash between African and Chinese students at a northern university. "The sole aim of this committee is to obtain guarantees from the Chinese authorities on the protection of African students, so that they can return peacefully to their respective universities," one African diplomat told AGENCE FRANCE-PRESSE Wednesday. "Our aim is not to declare war on the Chinese authorities," he added. The diplomats said that the committee had asked to meet with Chinese authorities, but had yet to receive a reply.

The committee was formed following a five-hour clash between African and Chinese students at the northern university of Tianjin May 24 after a party held by the African students. Some of the African students fled to Beijing after the incident, when Chinese officials warned that Chinese students planned to attack them again.

Some 300 African students staged a street protest in Beijing Friday to protest "the racist aggression" which they said they had suffered. The following day, the Chinese authorities said that the African students were to blame for the Tianjin clash, as they had started it by throwing bottles at Chinese students who asked them to make less noise. The Chinese students responded with bricks and bottles, and a five-hour exchange of stones and glasses followed, Chinese officials said.

The African students rejected this account, and said that they were the victims of a "premeditated racist attack."

The African diplomats' committee was formed after the Tianjin clash, but before Friday's demonstration, during a regular informal three-monthly meeting attended by all African diplomats posted here, one of them said Wednesday. Several African students at Beijing's language institute have refused to attend classes since the Tianjin incident, students told AGENCE FRANCE-PRESSE.

An Education Ministry representative Saturday pledged to ensure the students' safety if they returned to Tianjin, and to provide a new site reserved for foreign students by the beginning of August. But the students were not sufficiently reassured to agree to return, student sources said. There are some 3,500 foreign students in China, about half of them from Third World countries, mostly Africa, according to Chinese figures.

Dissatisfied With Results

HK130926 Hong Kong AFP in English 0916 GMT 13 Jun 86

[Text] Beijing, June 13 (AFP) -- African diplomats failed in a bid to get guarantees from Beijing on the protection of African students in China after a recent clash at a northern university, an African diplomat said here Friday.

"No progress has been made and African diplomats are dissatisfied at the lack of results" of a first meeting Wednesday between a committee of African diplomats and Chinese authorities, the source said. The committee was set up last week to press for guarantees on the protection of Africans studying in China in the wake of a five-hour clash between African and Chinese students at a university last month.

On May 24, several hundred Chinese students besieged a group of foreign students, mostly Africans, at a university in Tianjin, 75 miles (120 kilometers) from the capital. The African students said they were the victims of a premeditated racist attack, but Chinese authorities denied there was any racist element and blamed the Africans for provoking the fight.

A Foreign Ministry spokesman said Friday that during the meeting between the nine African diplomats and Assistant Foreign Minister Zhou Jue, everyone agreed that "the unpleasant incident that happened in Tianjin is an isolated one and will in no way affect the friendship and friendly cooperation between China and Africa."

The spokesman said the two sides "expressed their confidence that both the Chinese students and African students will take to heart the friendship between China and Africa, show understanding and exercise restraint so that the incident will be settled promptly and properly."

The African diplomat added that the Chinese officials agreed during the meeting to meet a delegation next week of 36 African students, one from each African country represented in China.

There have been several incidents between Chinese and African students, including a clash in Shanghai in 1979 which left several people injured.

ZAIRIAN STATE COMMISSIONER CONTINUES VISIT

OW101126 Beijing XINHUA in English 1117 GMT 10 Jun 86

[Text] Hangzhou, June 10 (XINHUA) -- Kengo Wa Dondo, prime commissioner of state of the Executive Council of Zaire, and his party were welcomed at a banquet given by Xue Ju, governor of Zhejiang Province, here this evening. The Zairian visitors arrived here from Beijing earlier today in the company of Chinese Minister of Labor and Personnel Zhao Dongwan. They went boating on the West Lake and visited some other scenic spots and a factory in the afternoon.

Bird's-Eye View of Shanghai

OW111220 Beijing XINHUA in English 1205 GMT 11 Jun 86

[Text] Shanghai, June 11 (XINHUA) -- Kengo Wa Dondo, prime commissioner of state of the Executive Council of Zaire, and his party visited Shanghai No. 1 shirt factory here today. Afterwards, they mounted a tall building to get a birds-eye view of China's largest industrial city and the Huangpu River that runs through it.

A banquet was given here this evening in honor of the visitors by the Shanghai municipal government. Kengo and his party flew in here from Hangzhou this afternoon and were greeted at the airport by Shanghai Mayor Jiang Zemin. In Hangzhou this morning they inspected a farm.

Leaves for Home

OW121828 Beijing XINHUA in English 1429 GMT 12 Jun 86

[Text] Shanghai, June 12 (XINHUA) -- Kengo Wa Dondo, prime commissioner of state of Executive Council of Zaire, Mrs. Kengo and their party left here today at the end of their visit to China. Before Kengo's departure, Chinese Minister of Labor and Personnel Zhao Dongwan conveyed to him a telephone message from Chinese Premier Zhao Ziyang.

The Chinese premier said in the message that during Kengo's successful visit, the two sides exchanged views on questions of mutual concern and furthered their mutual understanding and friendship. He expressed the belief that Kengo's visit will promote Sino-Zairian friendly cooperation, and asked Kengo to convey the best regards from Chinese leaders Deng Xiaoping, Li Xiannian and himself to President Mobutu.

Kengo told the Chinese minister that his talks and meetings with Chinese leaders as well as the agreement and protocol signed during his visit brought new vitality to future cooperation between the two countries.

Shanghai Mayor Jiang Zemin and Zhao Dongwan went to the airport to see the Zairian visitors off. Kengo and his party viewed the Baoshan Iron and Steel Complex and went boating on the Huangpu River earlier today.

RWANDAN DELEGATION INVITED BY CPC CENTRAL COMMITTEE

Zhu Liang Hosts Banquet

OW041917 Beijing XINHUA in English 1423 GMT 4 Jun 86

[Text] Beijing, June 4 (XINHUA) -- Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee, gave a banquet in honor of Habimana Bonaventure, general secretary of the Revolutionary Movement of National Development of Rwanda, and his party here this evening. In their toasts Zhu and Habimana expressed the satisfaction with the constant development of the friendly relations and cooperation between the two parties and hoped for new progress in such relations. The Rwandan visitors arrived here yesterday at the invitation of the CPC Central Committee.

Hu Qili Meets Visitors

OW051228 Beijing XINHUA in English 1156 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- Hu Qili, member of the Political Bureau of the Chinese Communist Party Central Committee, met Habimana Bonaventure, general secretary of the Revolutionary Movement of National Development of Rwanda, and his party here this afternoon. He welcomed Habimana on behalf of General Secretary Hu Yaobang of the CPC Central Committee. Hu Qili said that Habimana is an old friend of the Chinese people. Since he first visited China at the head of a delegation in 1981 the contacts between the two countries have constantly increased. The current visit by Habimana shows that the Revolutionary Movement of National Development of Rwanda attached great importance to the Rwanda-China friendship, Hu Qili said.

Habimana said that the purpose of his visit is to strengthen the existing friendly relations and cooperation between the Rwandan Revolutionary Movement of National Development and the Chinese Communist Party and the two countries.

Hu spoke highly of Rwanda's just stand on safeguarding world peace and the establishment of a new international economic order as well as other major international issues.

Habimana said both Rwanda and China shared identical views on these issues. Wei Jianxing, head of the Organization Department of the CPC Central Committee, was present on the occasion. The meeting was followed by a banquet. Habimana and his party left here for Dalian tonight.

Rwanda Envoy Hosts Banquet

OW081715 Beijing XINHUA in English 1212 GMT 8 Jun 86

[Text] Beijing, June 8 (XINHUA) -- Rwandan Ambassador to China Magira Bigirimana Denis and his wife gave a return banquet at the embassy here this evening in honor of Habimana Bonaventure, general secretary of the Revolutionary Movement of National Development of Rwanda, and his party. Among those present was Wei Jianxing, head of the Organization Department of the Chinese Communist Party Central Committee. The Rwandan visitors are leaving for home later tonight. During their stay in China, they visited Beijing and Dalian in northeast China.

PRC-ZIMBABWE ECONOMIC COOPERATION MEETING OPENS

OW091100 Beijing XINHUA in English 0959 GMT 9 Jun 86

[Text] Beijing, June 9 (XINHUA) -- The first session of the Sino-Zimbabwean economic, trade and technological cooperation mixed commission opened here this afternoon. Zheng Tuobin, minister of foreign economic relations and trade and Chinese chairman of the mixed commission, and Dr. O. Munyaradzi, minister of trade and commerce and Zimbabwean chairman of the mixed commission, reviewed the development of economic cooperation and trade between the two countries since the establishment of diplomatic ties in 1980.

They expressed the hope that during the five-day session, the two sides will exchange views on strengthening bilateral cooperation and explore new ways to expand the scope of cooperation. Zheng Tuobin will give a banquet here this evening in honor of Munyaradzi and his party.

Cooperation Summary Signed

OW130816 Beijing XINHUA in English 0754 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- A summary was signed here today for the first session of the Sino-Zimbabwean economic, trade and technological cooperation mixed commission. Signing the summary were Zheng Tuobin, Chinese minister of foreign economic relations and trade and Dr. O. Munyaradzi, Zimbabwean minister of trade and commerce. During the five-day session from June 9 to 13, the two sides discussed matters on further expansion of their economic and technological cooperation.

UAE PAPER SAYS LIBYA MAY JOIN WARSAW PACT SOON

OW041441 Beijing XINHUA in English 1150 GMT 4 Jun 86

[Text] Kuwait, June 4 (XINHUA) -- Libya and the Soviet Union have agreed in principle on a formula for the admission of Libya into the Warsaw Pact Organization, the daily "AL-ITTIHAD", published in Abu Dhabi, capital of the United Arab Emirates (UAE), reported today. The paper quoted informed Arab sources as saying that the main principles for Libya's joining Warsaw Pact and preparations for the official documents for that purpose have been agreed on during the recent visit to Moscow by member of the Libyan revolution command 'Abd al-Salam Jallud.

The sources said Libya had briefed Saudi Arabia, Morocco, Democratic Yemen and Iran of its plan. A Soviet military delegation will visit Libya this month to discuss the details and practical steps for the declaration of the Libya's admission to the Warsaw Pact, the sources added.

They expected that the announcement of Libya's admission into the pact would be made during a visit to Moscow by Libyan leader Mu'ammar al-Qadhdhafi within the next two months. The paper reported earlier that Libya had held secret talks with some Warsaw Pact member countries on its intention to join the pact.

'ARAFAT TALKS WITH PRC AMBASSADOR IN TUNIS

OW050358 Beijing Domestic Service in Mandarin 1100 GMT 3 Jun 86

[Text] According to a XINHUA dispatch from Tunis, 'Arafat, chairman of the PLO Executive Committee, met with Xie Bangding, Chinese ambassador to Tunisia, yesterday afternoon. The two sides had a long, cordial, and friendly conversation. Chairman 'Arafat briefed Xie Bangding on the latest developments in the situation in the Middle East and Lebanon. He pointed out: Israel is massing its armed forces in southern Lebanon in an attempt to launch new attacks against the Palestinian and Lebanese people.

He expressed concern over the situation in the Palestinian refugee camps in Beirut. He stressed that the Palestinian people would further strengthen their internal unity. 'Arafat thanked the Chinese leaders and people for their concern and support for the Palestinian people's struggle.

Xie Bangding condemned Israel for its policy of aggression and expansion against the Palestinian and Lebanese people. He said: The Chinese Government and people will continue to stand firmly by the Palestinian people and resolutely support their struggle to restore their national rights, until final victory is won.

CANADIAN MINISTER FOR INTERNATIONAL TRADE VISITS

Talks With Zheng Tuobin

OW041259 Beijng XINHUA in English 1207 GMT 4 Jun 86

[Text] Beijing, June 4 (XINHUA) -- Minister of Foreign Economic Relations and Trade Zheng Tuobin and Canadian Minister for International Trade James Kelleher today held talks on furthering their efforts to develop bilateral trade and economic cooperation.

Zheng noted the fast expansion of bilateral trade and wider scope of economic and technological cooperation over the past few years. He expressed the hope that Canada will help China reduce its deficit in bilateral trade and provide Chinese commodities with an easier access to the Canadian market so as to achieve the aim of a long-term growth of bilateral trade. Over the past few years, he said, Canada's direct investment in China has increased. But, there still exist great potentials for it. He hoped that Canada will invest more in China and help China in expanding its export-oriented enterprises.

Kelleher said China has become Canada's fifth largest trading partner. It is Canada's hope that bilateral economic relations and trade will be further developed. Canada, as an industrially developed country, sees its responsibility of helping those less developed countries increase their exports, he said. Canada will do its best to reduce China's deficit and increase its direct investment in China. The Canadian Government supports China in resuming its legitimate seat in the General Agreement and Trade, he added.

This evening, Zheng gave a dinner for Mr. and Mrs. Kelleher and their party in the Great Hall of the People.

Meets Yao Yilin

OW051030 Beijing XINHUA in English 1000 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- Chinese Vice-Premier Yao Yilin described the Sino-Canadian political, economic and trade relations as very good at a meeting with Canadian Minister for International Trade James Kelleher and his party here today. Yao expressed his appreciation of the Canadian Government for its positive attitude in balancing the trade between the two countries.

TIAN JIYUN RECEIVES CANADIAN MINISTER OF STATE

OW101000 Beijing XINHUA in English 0945 GMT 10 Jun 86

[Text] Beijing, June 10 (XINHUA) -- Chinese ice-Premier Tian Jiyun met Canadian Minister of State Charles James Mayer and his party here today. Tian said that the Chinese and Canadian Governments shared the desire to develop their political and economic relations. He expressed the conviction that Mayer's visit would promote the bilateral trade and economic cooperation. Noting that many of those who are accompanying Mayer on the visit were agriculture and grain entrepreneurs, Tian welcomed Canadian enterprises to invest in China in such fields as food processing and food preservation by way of joint ventures, cooperative production or exclusive investment.

Mayer said he and his party had come to China to explore Chinese markets for expanding both export to China and import from China.

COLOMBIAN ECONOMIC DEVELOPMENT MINISTER VISITS

Talks With Yao Yilin

OW091056 Beijing XINHUA in English 1037 GMT 9 Jun 86

[Text] Beijing, June 9 (XINHUA) -- Chinese Vice-Premier Yao Yilin today told visiting Colombian Minister of Economic Development Gustavo Castro Guerrero that the two countries should increase understanding and expand bilateral trade. Yao noted that both countries belong to the Third World and desire peace and development. He said that Sino-Colombian cooperation is part of South-South cooperation.

Castro expressed his appreciation of China's support to the developing countries, adding that the Colombian Government is willing to expand bilateral trade and economic and technological cooperation with China and regards this as an important way to develop friendly ties with China.

Earlier today, Zheng Tuobin, Chinese minister of foreign economic relations and trade, held talks with Castro. Zheng pointed out that the Chinese Government attaches great importance to South-South cooperation, and economic and trade cooperation among developing countries is more important with the growing tendency of protectionism by the developed nations. China is willing to promote trade interflow and expand areas of cooperation with Latin American countries including Colombia, he added.

The two ministers also discussed goods for exchange, cooperation in construction projects and labor services. Their talks were followed by the first meeting of the Sino-Colombian economic and trade mixed commission.

Meets With Chen Muhua

OW101241 Beijing XINHUA in English 1146 GMT 10 Jun 86

[Text] Beijing, June 10 (XINHUA) -- Chinese State Councillor Chen Muhua met here today Colombian Minister of Economic Development Gustavo Castro Guerrero and his party. Chen congratulated on the first meeting of the Sino-Colombian Economic and Trade Mixed Commission, which was held here yesterday. She hoped that the two countries will further their friendly relations and economic and technological cooperation. Castro told Chen that he had visited Shenzhen and was impressed by the speedy development there and China's policy of opening itself to the outside world.

Zheng Tuobin at Reception

OW111322 Beijing XINHUA in English 1210 GMT 11 Jun 86

[Text] Beijing, June 11 (XINHUA) -- Visiting Colombian Minister of Economic Development Gustavo Castro Guerrero gave a reception here this evening. Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin attended. Speaking at the reception, the two ministers agreed that Castro's fruitful visit to China had laid the foundation for furthering economic relations and trade between the two countries. Casto and his party are leaving here for home tomorrow.

PERUVIAN PRIME MINISTER DEPARTS FOR PRC VISIT

OW101810 Beijing XINHUA in English 1558 GMT 10 Jun 86

[Text] Lima, June 10 (XINHUA) -- Peruvian Prime Minister Luis Alva Castro left here today for an official visit to China at the invitation of Chinese Premier Zhao Ziyang. Before his departure, he told XINHUA that "the relations between Peru and China are excellent."

He said his visit to China will become "a milestone" in the relations between Peru and China, and "an obvious sign of friendship" between the two countries. "A revolutionary process that is changing the destiny of the Chinese people has taken place in China. The progress and achievements made by China have been acknowledged internationally," the prime minister said. "I will be interested to see the activities being unfolded in a deep-going way in China, including the development of medium- and small-sized industries and handicraft art, cultural life and the development of ancient civilization," he said.

During his stay in China, he said, he will have talks with Chinese leaders on international issues and their foreign policies.

Ai Zhisheng Greets on Arrival

OW121040 Beijing XINHUA in English 1000 GMT 12 Jun 86

[Text] Beijing, June 12 (XINHUA) -- Chairman Luis Alva Castro of the Council of Ministers of the Republic of Peru, his wife and their party arrived here this evening on a week-long official visit to China at the invitation of Premier Zhao Ziyang. Among those greeting them at the airport was Ai Zhisheng, chairman of the Chinese Government Reception Committee and minister of radio, film and television, and his wife.

BOLIVIAN SENATE DELEGATION LEAVES FOR PRC

OW081810 Beijing XINHUA in English 1737 GMT 8 Jun 86

[Text] La Paz, June 7 (XINHUA) -- The delegation of the Bolivian Senate headed by its President Oscar Zamora Medinaceli left La Paz last night on a visit to China at the invitation of the Standing Committee of the Chinese National People's Congress.

On leaving the airport, the president of the Senate told Xiao Sijin, charge d'affaires ad interim of the Chinese Embassy in Bolivia, that this is the first official visit to China by a Bolivian parliamentary delegation in history as well as since the establishment of diplomatic relations between the two countries in July 1985. The Senate took the lead a few years ago in passing the resolution on the establishment of diplomatic relations with China, he said. He added that his visit is to further the friendly relations and cooperation between the two countries.

The president of the Senate also said that on his departure, Bolivian President Victor Paz Estenssoro phoned him to express the hope that the delegation would do its utmost to push the development of Bolivian-Chinese relations.

Arrives in Shanghai

OW1 003 Beijing XINHUA in English 1447 GMT 11 Jun 86

[Text] Shanghai, June 11 (XINHUA) -- The Standing Committee of the Shanghai Municipal People's Congress gave a banquet here this evening in honor of a delegation from the Bolivian Senate, the first ever to China. The delegation, led by President Oscar Zamora Medinacelli, arrived here yesterday at the invitation of the Standing Committee of China's National People's Congress. The Bolivian visitors took a cruise on the Huangpu River and viewed the Baoshan Iron and Steel complex here today.

MEXICO GRATEFUL FOR PRC EARTHQUAKE AID

OW042017 Beijing XINHUA in English 1427 GMT 4 Jun 86

[Text] Beijing, June 4 (XINHUA) -- On behalf of Mexican President Miguel de la Madrid, Mexican Ambassador to China Eugenio Anguiano today prsented commemorative plaques to two Chinese organizations for providing aid to the Mexican earthquake victims. President of the Red Cross Society of China Cui Yueli and Deputy Secretary-General of the Chinese Academy of Social Sciences Li Shouqi received the plaques inscribed with Mexican president's name, on behalf of their respective organizations. After Mexico was stricken by an earthquake last September, 44 countries including China provided assistance.

CONTADORA, U.S. C. AMERICAN POLICIES VIEWED

OW101416 Beijing XINHUA in English 1335 GMT 10 Jun 86

["Roundup: Central America's Knotty Peace Process One Step Forward (by Lin Liangyou)" -- XINHUA headline]

[Text] Panama City, June 9 (XINHUA) -- At the June 7 meeting of foreign ministers from 13 Latin American nations, a new draft peace proposal was advanced by the Contadora Group, pushing the thorny Central American peace process one step forward.

The five Central American nations -- Nicaragua, Guatemala, El Salvador, Costa Rica and Honduras -- were scheduled to sign the Central American peace and cooperation draft treaty, proposed by the Contadora nations of Panama, Mexico, Colombia and Venezuela, at a meeting in Panama on June 6.

Prior to the meeting, however, Nicaragua and the other four Central American nations failed to agree on the crucial issues of disarmament and reduction of international military maneuvers. Nicaragua insisted that military maneuvers be stopped and that talks on limitation of offensive weapons begin soon after the signing of the peace treaty.

The other four nations, however, opposed a halt to military exercises and called for a ceiling of armaments in Central American countries before the peace accord is ratified. The failure to reach an agreement cast a pall of gloom over the meeting, caused concern about Central America's future, and even created doubts in some people's minds about the continued existence of the Contadora Group itself.

Facing these difficulties, the Contadora Group refused to give up its long-time peace efforts. Joined by the Lima Group of Argentina, Uruguay, Brazil and Peru and taking all differences into account, the Contadora Group proposed a new draft treaty, which reiterated that Central American nations should restrict their military exercises for the time being, and eventually end such exercises once they reach an agreement on disarmament.

In the current draft, the Contadora Group also called on these countries to freeze arms purchasing in preparation for a gradual arms reduction to begin after their parliaments approve the peace treaty. This new proposal further extended the deadline for the signing of the peace accord.

In a bid to break the impasse in the region's peace process, the Contadora and Lima Groups issued a three-point joint communique, suggesting that Central American nations should neither allow their territories to be used against any other country nor provide military and logistical assistance to non-governmental forces and subversive groups. The communique also proposed that no nation should establish military and political alliances that would directly or indirectly threaten peace and security or incur East-West confrontation.

It further suggested that no big powers should offer military or logistic assistance to non-governmental forces and subversive groups in the region, nor should they use these forces or groups as a tool to overthrow governments.

The communique urged all nations having a common interest in Central America to show their good-will by undertaking the obligations set by the treaty. Observers here, believing these points are important, pointed out that if all the principles are strictly abided by, negotiations will certainly be accelerated and an agreement can be expedited.

The first reactions to the new draft treaty and communique were positive. Participants at the meeting praised the Contadora Group's contribution to Central American peace and expressed the hope that the group would continue its peace efforts.

The three-and-a-half-year-old Contadora Group has made painstaking efforts to seek regional peace such as proposing four drafts of the peace treaty. Unfortunately, the treaty has not been signed and Central American peace has not been achieved.

Although the Central American nations all expressed a desire for peaceful coexistence, their deep-rooted differences have led to distrust and even head-on conflicts on a number of specific issues. Moreover, outside intervention and influence, especially from the United States, have made the already complicated problems even knottier. Shortly before the Panama meeting, the U.S. had staged frequent military maneuvers in Central America while officials such as President Reagan's special envoy Philip Habib and a congressional delegation visited the Central American nations. In the U.S., the Congress is again about to discuss the Reagan-proposed 100 million dollars in aid to Nicaragua's anti-government rebels.

In the meantime, the Reagan administration has begun a new round of lobbying the Congress to pass the motion.

Peace, the common wish of the Latin American nations, requires that Central American nations settle their conflicts in their own way and avoid incurring East-West confrontation in the area. With the new peace proposal by the Contadora Group and the willingness of Central American nations to continue talks, the future of the Central American peace process seems brighter than before, but whether peace can come true in this part of the world remains to be seen.

WEN JIABOA REPLACEMENT OF WANG ZHAOGUO REPORTED

HK131326 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1234 GMT 13 Jun 86

[Text] Beijing, 13 Jun (ZHONGGUO XINWEN SHE) -- Wang Zhaoguo, member of the CPC Central Committee Secretariat, no longer holds his concurrent post of director of the CPC Central Committee General Office. He has been replaced in the post by Wen Jiabao, former deputy director of the office.

This was certified at a news briefing this afternoon by Wu Xingtang, spokesman for the Internatinal Liaison Department of the CPC Central Committee.

Wu Xingtang said that this was a normal personnel change.

NPC STANDING COMMITTEE MEETING OPENS 16 JUN

OW161003 Beijing XINHUA in English 0943 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- The Sixth National People's Congress Standing Committee opened its 16th meeting here today. It will last ten days.

The "Land Law of People's Republic of China (draft)", the "Regulations Governing Offences Against Public Order of People's Republic of China (revised draft)", the "Enterprise Bankruptcy Law of People's Republic of China", and the "Regulations of People's Republic of China on Diplomatic Privileges and Immunities (draft)" were reported at the meeting.

Wang Bingqian, state councillor and minister of finance, will give a report on 1985 final state account which is to be examined and approved by the meeting. A report on 1985 auditing work by Lu Peijian, auditor-general of the Auditing Administration, and a report on construction and development principle of China's nuclear power stations by Minister Jiang Xinxiong of nuclear industry are to be delivered.

On the agenda are also reports on President Li Xiannian's visit to Bangladesh, Sri Lanka, Egypt, Somalia, and Madagascar, and on the visit of a National People's Congress delegation to Australia. Several removals and appointments are to be passed by the meeting.

To Discuss Bankruptcy Law

OW161005 Beijing XINHUA in English 0949 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- The draft of China's first enterprise bankruptcy law was submitted for deliberation today to the 16th session of China's National People's Congress (NPC) Standing Committee.

This is believed to be a major step in China's current economic reform aimed at abolishing the former Chinese practice of "eating from the common pot".

Explaining the draft law to the NPC Standing Committee, Zhang Yanning, vice-minister of the State Economic Commission, said that it is imperative for the country to have a law on enterprise bankruptcy.

Because of bad management, he said, a small number of state-run enterprises have suffered financial losses for years, which is detrimental to the steady growth of the country's socialist economy.

The guiding light for the draft enterprise bankruptcy law is to maintain the order of the socialist commodity economy, protect the lawful rights and interests of both creditors and debtors, to promote competition, and to improve the management of enterprises to improve economic results, he noted.

He explained that the draft takes into consideration an enterprise's bankruptcy together with its readjustment and reorganization, and establishes an enterprise bankruptcy system that will improve the socialist insurance system. The bankruptcy law will promote the enforcement of law over economic management, help enterprises become socialist commodity producers who bear profit-and-loss, and help them in dealing with creditor's rights and liabilities in economic activities with foreign countries, he added.

13th CPC Congress Planned

HK131350 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1234 GMT 13 Jun 86

[Text] Beijing, 13 Jun (ZHONGGUO XINWEN SHE) -- Wu Xingtang, spokesman for the International Liaison Department of the CPC Central Committee, today said that some aged leading cadres will retire and be replaced by some young people at the 13th CPC National Congress to be held next year.

Wu Xingtang made the above statement at a press briefing this afternoon when asked by reporters whether there would be any personnel changes during the 13th CPC National Congress.

Wu said: In recent years the CPC has implemented the policy of four transformations regarding cadre appointment; namely, the policy of recruiting cadres who are more revolutionary, younger in average age, better educated, and more professionally competent. This precess was initiated during the 12th CPC National Congress in 1982 and was stepped up at the National Conference of Party delegates last year. A new step will be taken at the 13th CPC National Congress next year.

Wu Xingtang pointed out: The CPC, as a big party, and China, as a large country, still need a few tried and experienced revolutionaries with high prestige to take the helm. Therefore, specific personnel changes and appointments have yet to be decided for the 13th CPC National Congress and the succeeding CPC Central Committee plenary session.

Wu Xingtang also revealed that a 6th Plenary Session of the CPC Central Committee might be held this fall to set the main agenda for the 13th CPC National Congress.

Opposition to Reform Denied

HK131414 Hong Kong AFP in English 1342 GMT 13 Jun 86

[Text] Beijing, June 13 (AFP) -- There is no faction within the Chinese Communist Party opposing the country's economic reforms, a party spokesman said here Friday.

Asked about difficulties in implementing urban reforms reported in the Chinese press, spokesman Wu Xingtang replied: "There is no such faction that is opposed to the reform in our party."

However, he admitted that it was "not surprising" that there were differences of opinion, and said debate and the airing of views about reform was "normal."

He recalled that the party had asked for five years of grace before any verdict was passed on urban reforms begun in 1984.

Mr Wu said some party members had chosen to "wait and see" the results of urban reform, and added: "They should be allowed to do so."

On a number of occasions recently the Chinese press has reported difficulties encountered by the advocates of reform -- often younger party officials -- several of whom had been edged out by officials that were more "conservative" or even downright hostile to reform.

The reforms included the decentralization of the Chinese economy, with greater autonomy for businesses, and more decisionmaking power for their bosses.

Observers said there were differences among the Chinese leadership about the speed and scale of reform.

Turning to the party's 13th congress which should in principal be held in the autumn of next year, Mr. Wu said it would once again concentrate on infusing younger blood into the party — a process begun at the last congress in September 1982.

"I am sure that this work will be carried out even further," he said in what was the first official statement on the themes to be discussed at the congress.

He said the ground for the meeting would be laid at a plenum of the party Central Committee this year.

Asked about recent articles in the Chinese press expressing the need for reform of the Chinese political structure, Mr We replied that the strengthening of democracy and socialist law were among the tasks on which the party was engaged.

He said steps to strengthen "inner party democracy" and Chinese law had already been taken, but gave no details.

Socialist law is a something "new to us," Mr Wu said, adding: "We lack experience, so we are exploring."

ENGINEER ON PRC ENTRY INTO SATELLITE MARKET

OW150200 Beijing XINHUA in English 0145 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- China has no intention of competing with Western countries in its satellite launching services, said Wu Keli, deputy general manager and senior engineer of the China Great Wall Industry Corp. (CGWIC).

He told Chinese English language weekly "BEIJING REVIEW" that China contracted to do this business in order to make up for the shortage of carrier rockets.

Refuting recent Western press accusation that China was taking advantage of U.S. and French failures in recent launchings of spacecraft and satellites, he said: "This is sheer coincidence. Soon after the Chinese official announcement that China was to undertake satellite launching business for foreign countries in October 1985, many countries, including Sweden, Indonesia, Australia, Italy and Argentina, contacted the CGWIC for information about the carrying capacity of the Long March-3. Some of them have already asked China to launch or help design satellites for them."

The senior engineer said that in recent years the number of satellites planned to be launched by other countries has greatly outstripped the capacities of the world's available carrier rockets and many Third World countries have planned to send up their own satellites. This is a good opportunity for China to expand its services. "But China has no intention of competing with Western countries in this field. We contract to do this business in order to make up for the shortage of carrier rockets," Wu said.

He said that the People's Insurance Co. of China will provide insurance services for the launches carried out in China. Satellites to be launched by China would be exempted from customs examination and the clients may send their representatives to supervise, protect, test and install their satellites in China. The Chinese side is responsible for the security after the satellites enter China. With the approval of the clients, the Chinese side may also provide testing and installation services.

China has launched 18 satellites and only one failed. After the Long March Z-2 carrier rocket failed in launching its first satellite, the engineers and technicians involved in the work not only uncovered the causes and fixed the breakdown immediately, but also launched another satellite within 40 days.

Wu said that China is currently developing carrier rockets with larger thrust, and plans to send up larger satellites into space in the next five years.

The latest issue of BEIJING REVIEW disclosed that Mr. Paul S. Visher, president of the United States Hughes Aircraft Co. [name and title as received] recently proposed to CGWIC that a satellite launching ground for long-term cooperation be set up on a Haiwaiian Island where the Chinese rocket carriers and launching technology shall be exploited to launch American civilian satellites in cooperation with the American company. The suggestion has received positive response from the Chinese side, and negotiation on related substantial questions between both sides is expected to be held soon.

JINGJI RIBAO URGES SUPPORT FOR REFORMERS

HK131521 Beijing JINGJI RIBAO in Chinese 3 Jun 86 p 1

[Commentator's article: "We Should Not Demand Perfection in Reformers"]

[Text] In the mighty torrent of reform, there have emerged a number of pace-setters who are bold in making innovations and blazing new trails. However, just when they are hacking a way forward through all difficulties, some nitpickers deliberately find faults from them and demand perfection in them in an attempt to put them in an extremely awkward situation and to lead the burgeoning reform to a state of stagnation or chaos. This is a question calling for our thoughtful attention.

As long as we do certain work, we can hardly avoid mistakes. There is no one on earth who has never made any mistakes. Going with the tide of historical development, reformers have the courage to assume responsibilities and fear no dangers. Those mediocrities and yes-men who dillydally everyday and do not do any work, of course, do not commit mistakes. They are more "secure" than reformers, but what can they do for the country? It is really surprising that some of our comrades often praise these people as "being reliable and dependable," but whenever reformers commit mistakes, they keep picking on them. Such partial viewpoints and pernicious practices must be corrected.

As the saying goes, "a tall tree catches the wind." This is the case in the current reform. Some industrial enterprises with marked economic results are endlessly investigated by investigation and work groups. It seems that the better the work is done, the more problems there are and the more investigations should be conducted. Such a situation is completely abnormal and should be changed.

It is our hope that vast numbers of people, and in particular leaders at various levels, will throw in their lots with reformers, giving them more support and not nitpick at their minor faults. As long as they commit mistakes in work, we should enthusiastically help correct them and encourage them to sum up experiences and draw lessons so as to continue to make progress in the mighty torrent of reform.

END TO ATTACKS ON INNOVATIVE MANAGERS URGED

OW160808 Beijing XINHUA in English 0707 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Groundless attacks on successful managers must stop immediately and those managers who use creative means to implement the economic reforms should be encouraged, according to today's PEOPLE'S DAILY.

The paper published several stories and a commentary which showed that some managers were being criticized for small faults without recognizing their larger contributions.

Three examples were given to show the problem. Last Friday, for example, workers at the Zhengzhou automobile factory warmly welcomed back their former director, Song Beifang. He had been removed from his post earlier this year because he applied for his factory to be removed from the control of a transport company. Song was demoted because he wanted to decide the types of products to produce, the outlets for his products, and to implement other creative methods to boost the factory's production.

In another case, the Fuzhou Municipal Communist Party Committee demanded that local authorities immediately halt the endless investigations of seven new leaders who had brought a watch factory great profitability after many years of losses. The factory had made no profit between 1976 and 1983, yet made over one million yuan in the last two years due to the reforms made by the new leaders in the management of production.

The watch factory investigations were launched merely on the basis of a few anonymous letters. Investigators discovered no big problems at the factory, but normal production was interrupted and managers were discouraged from making further reforms, the paper said.

A detailed description was given of a case involving the removal of a manager at the Shenyang trolley-bus company. Although the manager helped the company make a profit of 1.64 million yuan in his first year, he was removed last year because he bought a western style suit with public funds and made some other minor mistakes. Those who were on the side of the manager were also blamed.

The paper said that some people were unable to bear the success of the reformers and therefore were looking for small flaws. They blamed the reformers for abusing power and some even purposely laid obstacles for them.

The paper quoted a senior party official as saying "mistakes in the course of reforms are allowed, but not implementing the reforms is unbearable."

One must not grasp a single fault of the path-breaker and irresponsibility criticise him as using the reforms to make personal gains, while overlooking his overall merit, it said.

The paper urged local officials to have a more realistic attitude in analyzing the mistakes of the reformers and help them correct their shortcomings.

Endless investigations on almost the same problems are unnecessary, it said. Those people under investigation are often discouraged and hesitant to try new creative policies.

The commentary criticised some leading officials for being overlenient with some cadres who made no progress in their work and thought nothing about how to make improvements.

JINGJI RIBAO URGES PUNISHMENT FOR BUREAUCRACY

HK131154 Beijing JINGJI RIBAO in Chinese 4 Jun 86 p 1

[Commentator's article: "Criminal Responsibility for Serious Bureaucracy Should Be Investigated"]

[Text] While cracking down on serious economic crimes and straightening out the party's style, major headway has been made in the investigation and handling of major and important cases in the central areas and localities. Not only do these major and important cases include incidents like serious bribery, graft, embezzlement, theft, illegally buying and reselling foreign exchange at a profit, grave political liberalism, and so on, but they should also include those heavy political and economic losses caused by serious bureaucracy. We must no allow bureaucracy or anything harmful to the state and the people to go unchecked.

Opposing bureaucracy has been our task for a long time. When discipline is tightened, the situation will improve; but when discipline is relaxed, it will slip back into the old ways. In some departments and organs, bureaucracy is not only the "umbrella" for some serious economic crimes, but also the direct or indirect "chief culprit" of serious econmic waste and loss. There are some ignorant and irresponsible people who do not want to conduct investigtions but are ready to listen to reports and sign documents. In the event of causing losses up to over a million yuan, they do not have a serious sense of responsibility or right and wrong, but remain unruffled or even try to turn big problems into small problems and small problems into no problems at all under the sway of "bureaucracy." The damages they cause to the reform and the four modernizations drive are not smaller than other economic crimes.

Therefore, it is necessary to further strengthen discipline and the legal system and handle the major cases of loss caused by serious bureaucracy. Those who ignore the interests of the state and the people and who "neglect their duties" should be punished according to the law, so as to educate the vast number of cadres to improve their work style, perform their duties, and prevent various economic losses caused by bureaucracy, as well as major losses in other fields.

Of course, in handling the major and important cases caused by bureaucracy, we must draw a clear demacration line of policy and make a distinction between the general and minor losses which are caused by inadequate investigations and studies or misjudgments, and the losses caused by serious dereliction of duty. When problems crop up, we should not regard bureaucracy as an excuse to cover up mismanagement and wrong decisions instead of trying to solve the problems or attempting to conceal the negligence. Furthermore, we should not confuse matters of general workstyle with serious bureaucracy. In particular, the economic and legal responsibilities of those people who are seriously indifferent to and ignore the interests of the people must be affixed. This is in keeping with the fundamental interests of the reform and economic construction and conductive to urging some cadres to rapidly change their workstyle and to reducing the damage of bureaucracy to a minimum.

COMMUNICATIONS MINISTRY TO CURB UNHEALTHY TRENDS

OW150807 Beijing XINHUA Domestic Service in Chinese 1043 GMT 14 Jun 86

[By reporter Zhang Jinsheng]

[Excerpts] The Ministry of Communications recently decided to conduct a general inspection of all enterprises under its administration in order to curb four prevailing unhealthy tendencies. To educate the masses of cadres and workers and staff members under the ministry to consciously resist unhealthy tendencies, it will thoroughly investigate and solve important major cases and typical incidents that the masses have vehemently criticized. Thus, the ministry hopes to markedly improve social conduct in all the enterprises under its administration.

The Ministry of Communications called on departments in charge of transport throughout the country to earnestly investigate and curb the four following unhealthy tendencies:

1. Seeking personal interests by putting vehicles, ships, and harbor berths at one's disposal. For example, some drivers use public vehicles and ships as transportation for the purpose of making money.

2. Abusing aministrative power to seek private interests for individuals or groups. Some highway and water transport supervisers and highway administrative officers abuse their authority to issue licenses and number plates, to set up vehicle inspection roadblocks, and to handle traffic accidents, for intercepting vehicles without good reason in order to give vehicle and ship operators a hard time. These officers and supervisers treat vehicle and ship operators rudely and with a despotic work style. They indiscriminately collect fees, exact fines, extort money, an accept bribes from them.

3. Seeking personal gain by reselling vehicle and ship tickets for profit. Some passenger transport port administrations and stations have used vehicle and ship tickets to establish relationships with other units by increasing handling fees.

4. Treating passengers with rudeness and unloading goods carelessly.

The Ministry of Communications emphasized that to eliminate the unhealthy tendencies in the entire transportation trade, we must be firm and must try never to evade contradictions. We must face the problems boldly and investigate thoroughly typical cases of unhealthy tendencies. Leading organizations must try not to cover up their shortcomings. The purpose of eliminating unhealthy tendencies in the transportation trade is to improve the work style of its workers and staff members, to promote observance of rules and discipline among them, to encourage them to serve the public cleanly, to operate their businesses in a civilized manner, to treat passengers politely, and to serve people wholeheartedly.

STORAGE PLANT OFFICIALS SENTENCED FOR NEGLECT

OW131838 Beijing XINHUA in English 1504 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- Two officials who caused great economic losses through neglect of their duties have been sentenced to two years and 18 months in prison, respectively, a local court announced here today.

Former Director Pan Fengcai and Deputy Director Shi Xiwen of the Nanyuan cold storage plant in Beijing, neglected their duties from last year to the beginning of this year, resulting in 700 tons of vegetables going rotten and causing losses of 300,000 yuan.

The Fengtai district court tried the case June 4 and sentenced them to imprisonment in accordance with the criminal law. The defendants did not appeal their sentences, local court officials said. Wang Louzeng, the former Communist Party secretary of the cold storage plant, was transferred last August and his case will be handled separately, they said.

GUANGMING RIBAO EXPLORES ECONOMIC REFORM

HK131130 Beijing GUANGMING RIBAO in Chinese 24 May 86 p 3

[Article by Zeng Guoxiang: "Economic Reform Under Dual Mechanism"]

[Text] The Arduousness of Economic Reform Under Dual Mechanism

China's economic structural reform has entered a stage of transforming the traditional system into a new economic system. Two systems and two mechanisms will co-exist in this stage. It will be an arduous task to further promote economic reform under the dual systems and dual mechanism. This is mainly manifested in the following fields:

1. Enterprises have turned their operations from merely seeking output value and growth rates to paying much more attention to their profits and the welfare of their staff and workers. On the one hand, enterprises demand increasing energy supplies and the supply quota of raw materials under mandatory planning, on the other hand, they demand less mandatory planning in products in short supply. Thus, the government finds it difficult to control the short-term operations of enterprises. How to adopt a series of measures of coordinating reform so as to flexibly and effectively guide and restrict enterprises' short-term operations is an important task for continuously developing economic reform in depth.

2. Intersection of the new and old mechanism has appeared in economic operations. The new economic operation mechanism demands that enterprises compete with each other under the same market conditions, and demands that the principle of distribution according to one's work be carried out in individual consumer goods. But direct intervention in enterprises' production and operations by the old system still exists. Due to the disparity in external conditions, enterprises have different economic results. Moreover, the practice of "eating out of the same big pot" in distribution has not yet been eliminated. The co-existence of two economic operation mechanisms will inevitably result in conflicts and disharmony and bring difficulties to economic reforms.

3. General economic management departments and responsible professional departments at all levels have relaxed their control over enterprises' direct administration on sale, but goods supply departments have still restricted control over it. General economic management departments have relaxed their control over enterprises' direct administration over production, but have still restricted their control over fixed assets investment (including funds for technological transformation). As a result, some large and medium-sized enterprises directly under the departments have not yet enlivened their production. Meanwhile, the general size of social fixed assets investment has time and again been out of control, and it is difficult to genuinely form a market for the means of production.

4. The direct management mechanism in vertical administrative distribution of material objects is still in a dominant position. The indirect management mechanism with the organic combination of economic policies and levers is still being shaped. The mechanism of economic policies and levers has not yet combined with the planning mechanism, and has not yet played its role in flexibly regulating the commodity market and capital market. As the planning mechanism is rigid, the production structure and product mix cannot be readjustted promptly and effectively.

Establishing and Developing a Market of Means of Production Is the Key to the Replacement of the Old System by the New One

To expand the decision-making power of enterprises in production and business operation, it is first of all necessary to create the external conditions of a commodity market for enterprises. Without a market for the means of production, it will be difficult to enliven enterprises and bring into play the role of the economic operation mechanism, and there will be no foundation for the government to switch from direct economic management to indirect economic management. There are basically two ideas about establishing and developing a market of the means of production. One is that the pricing departments of the government increase by a big margin the prices of energy and raw materials so as to narrow the difference between the prices set by the state plan and market prices, and to balance the supply and demand in market. The other is that the state readjusts the unreasonable prices of several major raw materials, gradually reduces the portion of the means of production assigned by the state under mandatory planning, increases the portion of products which enterprises have the right to market by themselves and gradually relaxes the market for the means of production.

I believe that to establish and develop a market for the means of production, the essential thing is to gradually reform the planned goods supply system under which the means of production are distributed in a vertical way according to administrative relationships; to gradually reduce the quota of the goods to be distributed under mandatory planning; to develop lateral economic ties and cooperation in the exchange of goods between areas, and between cities and departments; and to gradually set up in large and medium-sized cities markets for trading the means of production where production enterprises and enterprises circulating goods can trade in means of production. Expanded, the difference between the two prices [free market and fixed] will be gradually narrowed.

It must be pointed out that the basic reason for the shortage of several major energy supplies and raw materials over the past few years is that the social fixed assets investment was too big and the general demand exceeded the general supply, resulting in a wide gap between the prices of means of production beyond the state plan and the prices of means of production covered by the state plan. Therefore, the only way out for easing the market for the means of production is to effectively control the general size of social fixed assets investment and the general size of banking credit. To expand the decision-making power of enterprises in supply, production, and marketing, and to develop the future commodity market of means of production centered on enterprises on this basis will not be too risky.

Tiered Control Should Be Stressed in The Stage of Replacing the Old System With the New One

In the stage of replacing the old system with the new one, the inherent operation mechanism of the traditional system and its defects cannot be eliminated once and for all, nor can the new economic system and its operation mechanism be established overnight. In addition, ours is a big country with different economic conditions all over the land, the tiered control and regulation of macroeconomy is therefore very important.

Under the complicated circumstances of the two systems and two mechanisms affecting each other, the appearance of every relatively important reform measure will inevitably have a large or small impact on economic and social life. To minimize the impact, governments at all levels must take up the responsibility for macroeconomic control, and have corresponding limits of authority. For example, first, gradational management in central and local finance must be established on the basis of introducing different taxes, namely, the central tax, the local tax, and the shared tax for central and local finance. The central tax should be submitted to the central authorities, the local tax should be retained by the local authorities, and the shared tax should be distributed proportionally. Second, in instituting gradational management in central and local finance, it is necessary, in accordance with the principle of the financial power of a department corresponding with its administrative power, to specifically define the administrative power, financial power, and the scope of income and expenditure of central and local financial authorities, and do gradually legalize and regularize their power. The central finance should be mainly responsible for national defense expenditure, and the building of basic installations such as important energy and raw materials projects.

The investment of profit-making processing industrial enterprises comes mainly from the lateral circulation of funds between enterprises. Provincial finance should be mainly responsible for investment in basic installations, such as traffic and energy projects in the province. City level finance should be responsible for administration fees, and the investment of basic urban installations, such as postal facilities, telecommunications, roads, houses, culture, education, public health, and environmental protection. Enterprises should be responsible for investment of production and business operation. Legislative power should be granted to local financial authorities in levying local taxes, such as the provisional business operation tax and land use tax. Concrete methods should be implemented after being reported to the higher responsible departments for the record. Local financial authorities should, in conjunction with general economic management departments of the state, grant power to state-run large and medium-sized enterprises in reducing or exempting their regulatory tax.

FURTHER ON ARMY RESETTLEMENT CONFERENCE

Leaders Attend, Speak

OW140947 Beijing XINHUA Domestic Service in Chinese 1420 GMT 13 Jun 86

[By reporters Gai Yumin and Sun Yong]

[Text] Beijing, 13 Jun (XINHUA) -- The national meeting of representatives of units advanced in resettling Army cadres transferred to civilian work and advanced individuals from among the transferred cadres concluded today at the Great Hall of the People. The meeting conferred pennants and certificates of honor on 103 advanced units and 248 advanced individuals.

Wan Li, Tian Jiyun, Yang Shangkun, Yang Dezhi, Yu Qiuli, Qin Jiwei, Song Renqiong, Hong Xuezhi, and other comrades received the meeting representatives and had a picture taken with them.

Yu Qiuli, member of the Political Bureau of the CPC Central Committee and deputy secretary-general of the Central Military Commission, addressed the meeting. He highly praised local party committees and governments at all levels, relevant departments, and especially departments in charge of placing transferred cadres for their painstaking and meticulous work and fruitful efforts in placing Army cadres transferred to civilian jobs. He also extended warm regards to the transferred cadres who have contributed to socialist construction in various departments. He said that the key to successfully implementing the Army structural reform, streamlining, and reorganization lies in the resettlement of transferred cadres. As for localities, the main task is to assign appropriate jobs for the transferred cadres as much as possible and make an earnest effort in organizing job training programs for them in the light of jobs assigned to them. As for the Army, it should make allowances for the difficulties experienced by localities; and Army units may find jobs in their own units for some of the cadres who are transferred as a result of streamlining. With regard to transferred cadres, it is necessary to enhance administration; pay great attention to involving them in the regular activities of the party; and attend to their ideological education, elementary education, and vocational training. He expressed the hope that the transferred Army cadres will keep up and carry on the glorious tradition of plain living and hard work, submit themselves to the assignments given them by their organizations, and go to the places where the party and people need them most to contribute to the four modernizations.

Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, also spoke at the meeting. He called for carrying out the work of resettling transferred Army cadres well this year to contribute to developing the national economy and to maintaining a stable and unified political situation.

Among the advanced individuals honored at today's meeting were people who valued the interests of the party and the people above everything else and have begun work at the grass roots, people who were determined to carry out reforms and achieved breakthroughs in their work, as well as people who have kept up and carried on the glorious tradition of the People's Army and have played an exemplary role in promoting spiritual civilization. Among the collectives honored were local units advanced in the work of placing transferred Army cadres as well as Army units responsible for transfer work.

187,000 to Demobilize in 1986

HK131522 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1400 GMT 13 Jun 86

[Text] Beijing, 13 Jun (ZHONGGUO XINWEN SHE) China will have a total of more than 187,000 PLA cadres transferred to civilian work this year.

In the past 10 years, arrangements were made for the placement of more than 1.2 million demobilized PLA cadres and more than 1.6 million dependents of PLA officers, said Yu Qiuli, deputy secretary general of the CPC Central Military Commission, at the national meeting of advanced units of demobilized Army cadres and representatives of progressive demobilized Army cadres which closed today.

Yu Qiuli asserted that the settlement work in the past 10 years was satisfactory. There were more demobilized Army cadres in the past few years than before due to the special case of PLA streamlining and reorganization, he added. The number of demobilized PLA cadres will drop substantially in the wake of the completion of the streamlining and reorganization process and the perfection of the cadre work system.

Meeting Ends

OW150450 Beijing XINHUA Domestic Service in Chinese 1334 GMT 14 Jun 86

[By reporters Sun Yong and Gai Yumin]

[Text] Beijing, 14 Jun (XINHUA) -- The national meeting on resettling demobilized military cadres that ended today stressed that, since this is the second year of the reform of the military system and of streamlining and reorganizing troops, as well as a crucial year in resettling surplus military cadres, party committees and governments at all levels should continue their close cooperation with the troops and strive to properly accomplish this year's resettlement work.

According to reports, there are more demobilized cadres waiting to be resettled this year than last year. However, the quality of this year's demobilized cadres is better than ever. Among them are combat-tried party-member cadres; personnel who have made outstanding contributions to Army building; military and political work cadres; we well as a great number of demobilized technical cadres.

Over 88 percent of these demobilized cadres are under the age of 39, 83.7 percent of them have an educational level of senior high school, and 10.2 percent of them are college educated.

In his speech at the meeting, Jiao Shanmin, member of the State Council Group on Resettling Demobilized Military Cadres, and vice minister of labor and personnel, said: Resettling demobilized cadres should be aimed at promoting economic development, and demobilized cadres waiting to be resettled should subject themselves to the needs of economic development. For this reason, all localities, while insisting on the principle of resettling demobilized cadres in their native place or where they were recruited, may select some demobilized cadres from different prefectures, cities, and counties for unified assignment in order to meet the needs of newly developed areas, key development projects, and some newly established units or units being expanded.

Comrades attending the meeting earnestly studied the central authorities' policies and principles on resettling demobilized military cadres, have unified their thinking, and gained a clear idea on this year's resettlement tasks. They held that resettling demobilized cadres is a task with great political significance which has something to do with the basic interests of the entire party, entire nation, and all the people, and that they will properly accomplish the task no matter what difficulties lie ahead. Military comrades attending the meeting pledged that they will, with high sense of responsibility, actively assist localities in resettling demobilized cadres, do whatever they can to help demobilized cadres solve practical problems, educate them to subject themselves to the needs of the nation's economic development so that they would willingly accept the party's assignments and work for the four modernizations in places where they are needed most.

RENMIN RIBAO SURVEYS EXPORT PRODUCTION SYSTEMS

HK130821 Beijing RENMIN RIBAO in Chinese 6 Jun 86 p 2

[Feature article by reporters Lu Zhenhua and Feng Xiao: "The Role of 'Joint Efforts' -- Investigation of the System of Export Commodity Production Set Up by Zhucheng County"]

[Excerpts] In early May, the experts and foreign trade workers who attended the national symposium on export production systems, time and again cited the experience gained by Shandong's Zhucheng County in developing production of commodities for export. In order to see how things really stood there, as soon as the symposium was closed, I hurried to Zhucheng City.

As soon as I reached the county, I heard two pieces of exciting news: 1) Zhucheng County scored a third stage in the development of its agriculture -- a switch from the type of agriculture that produces commodities for domesticsales to that which produces commodities for exports to earn foreign exchange -- after the switch from a self-sufficient type to the former type. In 1985, the value of its export commodities rose to 90 million yuan, accounting for 9 percent of the county's gross industrial and agricultural output value and an increase of 3,000 percent compared with 10 years ago. 2) In the past, foreign businessmen refused to buy chickens producted by Zhucheng, but after a little more than 1 year's efforts, the quality of its chickens had been improved so much that they reached international standards.

Last year, it exported 1,732 metric tons of chickens, ranking the first among all the counties in the nation. Now, foreign businessmen have come, one after another, to ask for long-term supply, because the county had become famous for its quality chickens.

Why has there been such a tremendous change in the county's export production?

Separate Forces Have Become Combined Forces

Zhucheng County is situated between Shandong's Qingdao and Weifang cities and is thus provided with fine geographic conditions for exporting its commodities. However, in the past, as its foreign trade department and production units each acted independently, production enterprises and specialized households always feared that the foreign trade department would urge them to produce beyond their capacity when there was a favorable market and force them to cut production when there was an unfavorable market. The foreign trade department worried that it might fail to get the supply of the goods it needed and thus got nothing from its investment in the production units. As the two sectors failed to combine their forces, Zhucheng's production of export commodities fluctuated widely.

What we saw in the townships and towns in Zhucheng County was quite another scene: new design cloth was being loaded on trucks for export. Trucks carrying mixed food were heading toward the chicken farms. Peasants were busying themselves around the cages in which they breed minks and long-hair rabbits. On the farmland around their villages, tobacco and asparagus grew luxuriously green. The county was vigorously developing the production of all its 80-odd export commodities.

This has been achieved through combining forces. Over the past year, in light of international market demands, the Zhucheng County Foreign Trade Company took the initiative to provide funds, materials, goods, and technology to help the development of export production. Last year, the county not only set up the production basis for the export of agricultural, sideline and local special products, including chicken, beef cattle, mink, rabbits, tobacco, dried and fresh fruit, peanuts, and large peppers, and developed a number of households specialized in producing goods for export, but also set up over 30 chemical, paper, textile, garment, pottery and handicraft factories specialized in producing goods for export.

After the industrial and trade sectors combined their separate forces, export commodities rose from 5 categories and 16 kinds to 10 categories and 83 kinds. The supply of goods constantly met the demand and the rate of breached export contracts was reduced. It has thus established its reputation. It has quickly improved the quality of its products for export and thus made its goods more competitive and able to be sold far away to over 20 countries and regions and improved its economic results. Peasants have begun to switch their field of vision from the domestic to the world market. They are now saying: "Compare your goods with other goods in the international market if you think you are so good in production!"

From Specialization to Export Production System

The establishment of an export production system is indeed a historic landmark in Zhucheng's export production progress. In the past, most of the households there conducted their farming and animal breeding for the production of agricultural and sideline products for export separately.

Each of them did everything from management to sales on its own. As a result, their production costs were high and the quality of their products was poor and could not meet export demands. Later, they specialized their production and put the service to provide seeds and technology and the processing industry under the unified management of the foreign trade department. This provided conditions for improving the county's export production capacity. Could the county go further and establish its export production system? During a year's exploration, the relevant departments in the county succeeded in setting up three regional export production systems each for a single item of commodities such as chickens, rice, and long-haired rabbits.

Diverse Forms of Joint Ventures

Zhucheng's export production systems have broken many old conventions and both horizontal and vertical joint ventures have been established. In the combines set up for these joint ventures, there are factors of the economy owned by the whole people, and the collective and individual economies.

We visited some joint venture enterprises. The first of them was a chicken breeding farm with advanced technology. This is a joint venture invested in and managed by the county foreign trade department, the Weifang City foreign trade department, the provincial export commodity base construction company, and Shantu village. They have imported fine breed chickens and brood hens. All the parties in the joint venture are masters of the enterprise: they jointly manage it, and share its risks and profits. In the first year after its establishment, it produced over 1.2 million young chickens. This year it plans to produce 3.7 million young chickens.

We focused our investigation on Daliyuan chicken farm at the county town which was another type of joint venture. There were 2 rows of 12 houses for breeding chickens. This farm was set up by Li Shuye's and 10 other peasants' households with a joint investment of 110,000 yuan. Food and water were both fed to chickens by semiautomatic equipment. Each of the big houses had only one or two workers on duty at each shift. In 1985, the farm bred 100,000 chickens and earned 70,000 yuan profit. This year it will recover all the investment. There are already 15 similar combines in the county.

AGE RULE CAUSING UNDERUSE OF SCIENTISTS' TALENTS

HK070703 Beijing CHINA DAILY in English 7 Jun 86 p 1

[Text] The talents of about 40 percent of China's scientists and technicians aged above 50 are being underused because of the compulsory retirement age, a sample investigation has discovered.

The investigation, carried out in 20 key enterprises in 12 provinces and municipalities, found that only 58 percent of scientists and technicians in the age group could give full play to their skills, while 23.7 per cent could do so "partly" and 18.3 per cent not at all, according to CHINA SCIENCE AND TECHNOLOGY NEWS.

The paper attributed this to the indiscriminate use of the age limit for the retirement of Chinese cadres. According to State regulations, scientists and technicians should retire by 60. However, most enterprises lower the age limit to 55, creating a whole class of "probationary" cadres due for retirement.

The institute which organized the research under the Chinese Science Association calls for more careful use of such cadres, the paper said.

OFFICIAL INTERVIEWED ON MACHINE-BUILDING INDUSTRY

HK100947 Beijing Domestic Television Service in Mandarin 1000 GMT 6 Jun 86

[From the "Economic Life" program: "Interview With He Guangyuan, Vice Minister of Machine-Building Industry" -- date, place not given -- recorded]

[Excerpts] [Unidentified reporter] Vice Minister He, the Seventh 5-Year Plan is being fully implemented. We would like you to talk about what contributions the machine-building industry, as an equipment sector of the national economy, will make to the development of the national economy during the period of the Seventh 5-Year Plan.

[He] The machine-building industry is an equipment and supply sector of the national economy. At present, the machine-building industry accounts for one-fourth of the increase in production output, output value, profit, and so on of enterprises. It is really a big sector. Departments and units under the machine-building industry are important component parts of the mchine-building industry of the whole country. During the period of the Seventh 5-Year Plan, we will make our efforts in the following three aspects:

1. We will satisfy the demands of economic construction and the people with our advanced machinery products. We will make a fairly great breakthrough in terms of quality, variety, high standards of production, and the capability of manufacturing complete sets of equipment. During the period of the Seventh 5-Year Plan, we will develop 10,000 kinds of new products, and provide 440 sets of large equipment. Due to the efforts exerted during the period of the Seventh 5-Year Plan, the demand for machinery products by various departments will be basically satisfied domestically. By 1990, the quality and function of 50 percent of our machinery products will reach the level of the late seventies or early eighties in the industrially developed countries. Some of our products will reach the world advanced level. Our total output value will reach 110 billion yuan, an increase of 51 percent over 1985.

2. We will make a great breakthrough in expanding the export of machinery products. In the meantime, we will lay a solid foundation for further expansion of exports during the nineties. To do so, we should manufacture marketable products and attach importance to opening up international markets. By 1990, the export volume of our machinery products will reach $1 billion, an increase of about 240 percent over 1985.

3. We should markedly enhance our economic results and provide more funds for the state. By 1990, the profits and taxes we turn over to the state will reach 21 billion yuan, an increase of more than 40 percent over 1985.

[Reporter] What measures will you take in order to attain the above-mentioned objectives of struggle?

[He] We will fight three tough battles and take five measures. These three tough battles are: 1) We will devote our main efforts to enhancing our capability of producing large complete sets of equipment. We should conscientiously digest technology we have imported. We should fight a tough battle in order to increase the level of our products. 2) We should make a breakthrough in strengthening our technical management, and in working out strict discipline in order to promote the work of technical management, establishing and improving the system of quality control. We will fight a tough battle of enhancing product quality in this regard. 3) We should firmly grasp the work of establishing an export base, and implement the relevant policies. We should open up international markets, and fight a tough battle aimed at expanding the export of our machinery products.

The five measures to be taken are: 1) We should firmly grasp management, and fully enhance the level of our enterprise management; 2) We should lay a firm foundation, in terms of basic technology, basic components, basic skills and basic machinery; 3) We should accelerate technical reform, and actively promote specialized cooperation in order to further improve the quality and structure of our enterprises; 4) We should exert our main efforts to economize on raw and processed materials and energy, and develop more products which need less energy to comprehensively enhance the social and economic results of our enterprises; 5) While grasping the work of training personnel, we should also do well in utilizing them. We should strengthen the work of training talented personnel, and enhancing the quality of our workers and staff members. Devoting our efforts to these five main aspects, I believe that the quality of our machine-building industry will be markedly improved.

[Reporter] The Ministry of Machine-Building Industry is one of the three experimental units of the State Council in structural reform. What experience have you achieved over the past 18 months, and what will you do during the period of the Seventh 5th-Year Plan?

[He] We have achieved certain experience in the reform of the management system of the machine-building industry. We have transferred all basic machine-building industry to the lower levels, and created conditions for separating government administration from enterprise management. We have taken an important step in the overall management of the machine-building industry as a whole.

During the period of the Seventh 5-Year Plan, we will continue to give first priority to reform, and implement document No 24 issued by the State Council. We should further reinvigorate enterprises, and provide medium and large enterprises with more vigor and vitality. The key to our success in this respect lies in grasping well in the work of implementing various measures, and truly delegating power to enterprises concerned. We should take a new step in establishing lateral economic links.

AUDITORS UNCOVER SERIOUS FINANCIAL VIOLATIONS

HK130228 Beijing CHINA DAILY in English 13 Jun 86 p 1

[By staff reporter Zhu Ling]

[Text] Auditors throughout China uncovered serious violations of State financial regulations involving more than 674 million yuan ($211 million) in the first quarter of this year, CHINA DAILY was told yesterday.

The cases involved massive overspending on capital construction, fraud and tax evasion, mainly by concealing profits and partially reporting taxable income.

Of the total sum involved -- which was actually 80 million yuan less than the same period last year -- 235 million yuan is owed to the State Treasury and so far, 50 percent of the money has been traced back. The State Audit Administration altogether verified the books of 9,044 businesses in the first quarter of the year.

An administration official said that in the first three months of the year, 57 serious violations involving more than 1 million yuan each and 18 graft cases involving more than 10,000 yuan each were discovered.

The official said the situation was particularly bad in the field of capital construction as many businesses were obtaining funds in any way they could to expand construction despite frequent government demands for strict controls on the scale and size of capital construction. The government already devotes the lion's share of the state's revenues to fund capital construction every year.

In the first three months of this year, it was discovered that more than 110 million yuan was illegally collected to spend on capital construction projects.

Another serious problem is the false declaration of production costs, the hiding and falsifying of profits and partial reporting of taxable income by some industrial and agricultural firms.

Between January and March this year, violations involving 164 million yuan were uncovered.

The State Audit Administration was set up in September 1983 as part of the nation's effort to improve financial control. Last year, its 28,000 staff exposed violations involving 7.7 billion yuan.

The office has the books of about 2 million businesses across the country to audit regularly and its limited staff has only checked about 3 percent of them since it was opened.

Between September 1983 and the end of 1985, the office discovered cases of fraud, waste and tax evasion involving 8.9 billion yuan after checking the accounts of more than 58,000 businesses.

The auditors have also been watching the use of international loans in China, as one of the administration's priorities is to ensure that they are being used efficiently and lawfully. About 2,200 auditors have been involved in this work.

The official stressed that the administration's top priority this year was to ensure economic discipline and watch out for businesses which were spending too much on bonuses and consumer goods.

He said that the indiscriminate use of the bonus system, which had become widespread over the past two years, had now been brought under control.

STATE CRACKS DOWN ON 'SHODDY GOODS' PRODUCERS

HK130202 Beijing CHINA DAILY in English 13 Jun 86 p 3

[By staff reporter Nie Lisheng]

[Text] The State is taking legislative steps to penalize producers and sellers of shoddy goods and to hold them responsible for damages incurred by consumers.

The action is included in a set of regulations recently approved by the State Council concerning responsibility for the quality of industrial products. The regulations will go into effect on July 1.

The regulations prohibit all factories and shops from producing or selling substandard goods, including outdated items that have been banned by the State or goods that have not yet been approved by State quality-control institutions.

Producers and sellers are also strictly forbidden to market shoddy or fake goods or to pass them off as famous brand, fine-quality goods by usurping trade marks, or to engage in tie-in sales requiring poor products to be bought along with good ones.

Poor quality has become a major problem as some enterprises seek to increase production and profits at the expense of quality.

Since the third quarter of last year, the State Economic Commission has conducted three quality surveys. Each time it found at least one-third of products were not up to State standards.

But since China has had no effective regulations pinpointing responsibility, producers and sellers blame others to avoid punishment. As a result, consumers have suffered.

The new regulations stipulate that:

-- If parts or components of products fail to work but can be repaired, producers must repair them within an agreed time.

-- If these parts of components are beyond repair, the factories should take them back and provide consumers with good ones.

-- If products fail to function because of design defects, producers should provide consumers with refunds or compensate them for economic losses.

State industrial and commercial institutions will have the task of penalizing persons or enterprises found guilty of:

-- Producing and selling shoddy or fake goods in the guise of fine-quality or famous-brand merchandise.

-- Producing and selling goods without identifying their markers or those that have not received a certificate testifying to their quality.

-- Producing and selling outdated products or goods that have been turned out without State production licences or that are made of raw materials or components that fail to come up to State standards.

All profits from the above production and sales will be confiscated and an additional fine of up to 20 percent of the profits will be imposed.

PROCURATORS ON HANDLING DERELICTION OF DUTY CASES

HK110131 Changsha Hunan Provincial Service in Mandarin 2200 GMT 10 Jun 86

[Excerpts] A forum of procuratorates of 16 provinces, municipalities, and autonomous regions on handling cases of dereliction of official duty concluded in Yueyang on 10 June.

Zhang Siqing, deputy chief procurator of the Supreme People's Procuratorate, stressed at the meeting: We must certainly not absolve the criminal behavior of dereliction of duty as bureaucraticism or an unhealthy trend. We must draw clear policy demarcation lines in law and deal severely with such cases, to ensure the further development of opening up to the world and enlivening the domestic economy.

Zhang Siqing said: State work personnel who approach their work in a gravely irresponsible attitude and fail to carry out or correctly carry out their duties, resulting in serious losses to public property and the interest of the state and the people, are guilty of dereliction of official duty. We cannot deal with dereliction of duty as bureaucratism or an unhealthy trend, and allow them to escape punishment and remain at large. Nor should we treat as a crime ordinary bureaucratism and unhealthy trends that have not caused serious losses.

At present we must in particular investigate and deal with seriously cases of dereliction of duty in purchase, sales, and credit and loans activities.

During the meeting, (Jiang Feng), director of the law and discipline inspection office of the provincial people's procuratorate, spoke on the province's situation and experiences in handling cases of dereliction of duty since last year.

MINISTER ADDRESSES WATER CONSERVANCY MEETING

OW121355 Beijing XINHUA Domestic Service in Chinese 1456 GMT 11 Jun 86

[By reporter Cui Lisha]

[Text] Beijing, 11 Jun (XINHUA) -- At the rural water conservancy work meeting that ended today, Qian Zhengying, minister of water conservancy and electric power, said that in order to realize the targets set for agriculture in the "Seventh 5-Year Plan" and build strength for future advances in accordance with the demands of consolidation, renovation, and appropriate development, efforts must be made to increase the nation's irrigated land by 20 million mu by 1990 on the basis of the current 720 million mu. Also, an additional 20 million mu of flooded land must be drained.

In her speech delivered at the meeting, Qian Zhengying summed up the major achievements in water conservancy construction scored over the past 37 years since the founding of the PRC. She further pointed out the main existing problems in water conservancy construction by citing the disrepair and declining efficiency of some aging water conservancy works and the increasingly strained water resources in northern China. She maintained that some localities have relentlessly drawn on the water conservancy facilities and underground water. But such plundering of resources cannot go on forever. If the above two problems are not properly addressed with drastic measures in good time, flood and drought are likely to return to some localities and upset the ecological balance, thereby adversely affecting national economic development.

Qian Zhengying continued: The reason I raise this problem now is not to show the grim prospect for water conservancy construction, but to attempt to work out new ways to raise water conservancy work to a new level so that it will become compatible with national economic development. She stressed that we must first enhance our understanding of water conservancy work and strengthen leadership over it. The various localities must seek to clearly understand the actual conditions of water conservancy works and report to the upper authorities, asking that the handful of waterworks that are truly inefficient be scrapped.

However, it is necessary to firmly repair, maintain, and fully bring into play the efficiency of a large number of water conservancy works that are closely related to the safety of the people and production. We must determine whether such facilities should be further developed according to needs and feasibility. Beginning this coming winter, the whole country must carry out major water conservancy repair and renovation projects in a continuous and planned manner. Moreover, we must set up a labor accumulation system by which the various localities provide for the annual labor input and labor accumulation for rural water conservancy constructon according to the needs of projects and the actual capabilities of rural residents. Furthermore, we must increase investment in water conservancy construction through various channels so water conservancy investment can be restored to 1980 levels as soon as possible. At the same time, localities that possess more water conservancy facilities must correspondingly set up and perfect the grass-roots water conservancy management organizations of the various districts and townships. This is the key to properly managing and utilizing water conservancy works.

Dwelling on water conservation, Qian Zhengying pointed out that water conservation is a strategic task in water conservancy work, and stressed that the whole society must be educated to conserve water. She said: China's average per-capita share of water resources is equivalent to only one-quarter of the world per-capita share, and its distribution is highly uneven. With an average per-capita share of water resources less than a quarter of the national average, water shortages have become a prominent problem in northern China and in some coastal regions. Hence, it is necessary to work out economic and technical measures for water conservation, firmly grasp water conservation work in the industrial cities, and strive to develop agriculture, which consumes less water. To smash the practice of "sharing water from the same big pot" and to promote water conservation, we must employ the economic lever of collecting water fees. We must also enact a water law as soon as possible, and the various provinces, autonomous regions, and municipalities must establish departments for the unified management of water resources.

MEETING URGES INCREASING RURAL BUYING POWER

OW121420 Beijing XINHUA in English 1404 GMT 12 Jun 86

[Text] Beijing, June 12 (XINHUA) -- Peasants' earnings must continue to rise if China is to sustain its economic expansion, Du Runsheng, director of the China Rural Development Research Center, told a meeting here.

He said: "The consumer demands of our 800 million peasants constitute the driving force behind industrial production."

The meeting was organized by the rural development research center, an advisory body set up in 1982, which is attached to the State Council.

Du said: "One can hardly expect China's industrial market to expand if peasants' purchasing power remains stagnant."

He pointed out that rural economic reforms introduced since 1980 had boosted productivity and enabled surplus labor to switch to industry and service trades.

As a result, average annual peasants' earnings had soared from less than 90 yuan in the early 1980s to about 400 yuan last year.

To boost earnings and rural production further, Du called for higher prices for farm produce, an expansion of rural industry and an increase in government spending on agriculture.

Every effort must be made to ensure the proper use of and protection of soil, water and forestry resources.

The indiscriminate misuse of farmland -- such as using it for building purposes -- must be cracked down on, said Du.

He stressed that the contract responsibility system, under which families earn more for producing more, should be continued, and that peasants should be encouraged to join forces and form production co-operatives.

'EMERGENCY CALL' ISSUED ON GAS WATER HEATERS

HK110312 Beijing CHINA DAILY in English 11 Jun 86 p 3

[By staff reporter Nie Lisheng]

[Text] The State has issued an emergency call for safety precautions over the use of water heaters after more than 20 people died of gas poisoning around the country.

The fatal accidents occurred either because of excessive carbon monoxide emissions or because the heaters had not been installed in a place with good ventilation, said an "urgent circular" prepared by the State Economic Commission and four other government departments released yesterday by the Consumers' Council of China Quality Control Association.

Because of design faults, nearly half of the home-made heaters were said to be not up to the State requirement that the fumes from the heaters should contain no more than 0.05 per cent carbon monoxide, a chemical formed because of incomplete combustion. Some types of heaters have been found to emit 10 to 30 times that amount.

Most Chinese houses and apartments are still not spacious enough to have a specially-designed place for the gas water heaters, which are often installed in a small bathroom with poor ventilation.

China now has six major water heater factories with an annual output of 170,000 mostly small "instant" heaters. An estimated 200,000 such heaters have been sold.

The notice ruled that manufacturers must conduct strict safety checks on carbon monoxide emissions before they are sold.

In turn, the notice said, consumers must not install the heaters directly in bathrooms but in a well-ventilated outside place with a duct leading hot water inside.

At a press conference yesterday, the State Economic Commission also disclosed that it will be conducting a nationwide safety inspection on 20 kinds of electric appliances amid concern that their poor quality has also caused many deaths.

Last year alone, there were four reported fatal cases of electric shocks with the use of defective electric fans, an official of the commission said. Fatal and fire accidents in connection with washing machines, electric cookers and blankets were also said to be frequent.

The problem seems to have become worse this year. In January, another three fatal accidents involving the use of electrical appliances were reported in Beijing and Shanghai.

TIAN JIYUN ADDRESSES RURAL WATERWORKS FORUM

OW110435 Beijing XINHUA Domestic Service in Chinese 1028 GMT 10 Jun 86

[Text] Beijing, 10 Jun (XINHUA) -- It is necessary to attach great importance to and further intensify the construction of rural irrigation works, and increase investment in agriculture in order to build up our strength for future advances, achieve greater growth in China's agriculture, and fulfill the targets set in the Seventh 5-Year Plan, said Tian Jiyun, vice premier of the State Council, after hearing briefings at a forum on rural irrigation works yesterday.

Tian Jiyun said: Since the 3d Plenary Session of the 11th CPC Central Committee, China's agriculture has undergone a remarkable transformation. Many factors are involved in this transformation, which can be attributed mainly to the line, principles and policies formulated by the party since the 3d Plenary Session of its 11th Central Committee, as well as to the economic structural reform. All of these have fired the enthusiasm of hundreds of millions of Chinese peasants. At the same time, the transformation is also inseparable from state investment and the arduous struggle of the masses of people in building irrigation works over a protracted period of time. Human enthusiasm can be conducive to the development of productive forces only under certain production conditions. As irrigation is the lifeline of agriculture, without irrigation works such a remarkable transformation would be impossible. Our fruitful results in rural irrigation construction over the past 3 decades or so should be fully acknowledged. We must cherish and consolidate our achievements, and further intensify rural irrigation construction in order to steadily increase the output of grain, cotton, edible oil crops, and other cash crops, and develop the rural economy in all fields.

Tian Jiyun emphatically pointed out: Fundamentally speaking, to achieve greater growth in Chinese agriculture and advance it to a new stage, it is necessary to study and solve the strategic question concerning the building up of our strength for future agriculture advances. To do so, it is necessary to, first of all, persist in reform, continue to improve various rural reform measures and the household contracted responsibility system with remuneration linked to output, promote lateral economic ties, and provide better service before and after production so that the policies can be more effectively implemented and the enthusiasm of the broad masses of peasants further harnessed. Great potential in this aspect awaits our exploitation. Second, it is necessary to further straighten out the prices of farm products and perfect the procurement and marketing policy. Third, scientific methods must be adopted in farming. Fourth, investment in agriculture should be increased. Without increasing a certain amount of investment, it will be difficult to fulfill the targets set for agriculture in the Seventh 5-Year Plan. Tian Jiyun said: An important aspect of increasing agricultural investment is to intensify rural irrigation construction.

It should be pointed out that despite our remarkable achievements scored in rural irrigation construction, China's agricultural foundations remain rather weak. Farming in quite a few places is still dependent upon the weather; agricultural production being seriously affected by drought or flood. As a result of insufficient investment and poor maintenance in recent years, the efficiency of water conservancy works in some localities has gradually declined. It will be difficult to continue to use the old facilities without proper maintenance. This is a question that merits our serious attention. From now on, we should gradually increase investment in agriculture and improve the rural irrigation works with all the available financial and material resources.

Tian Jiyun said: Although we should increase investment to build new water conservancy works, we should also properly manage the existing facilities and keep them in good condition so that they can be more effectively used. This is an important issue and practical way to improve rural irrigation works. We have already built up certain foundations for our water conservancy works, but quite a few problems remain. A glaring one is the anarchy at some irrigation facilities, resulting in damage and inefficiency. This problem should not be handled lightly. Improper maintenance, management, and use of the existing irrigation facilities is tantamount to an irresponsible attitude toward the people. All localities should regard this as a pressing task and pay close attention to doing it well. Tian Jiyun called on the departments in charge of water conservancy facilities to improve their work in the spirit of reform. He pointed out: In carrying out rural irrigation construction, it is necessary to accumulate certain labor forces, proceed from the actual situation in improving the grass-roots irrigation management organizations and personnel and introducing the responsibility system, adopt measures suited to local conditions to promote diversified undertakings, and apply economic and administrative means to conserve water. In short, it is necessary to persist in reform and advance in an enterprising spirit to improve further our rural irrigation works.

MORE ENTERPRISES BEGUN WITH FOREIGN INVESTMENT

OW080818 Beijing XINHUA in English 0700 GMT 8 Jun 86

[Text] Beijing, June 8 (XINHUA) -- China has started more than 6,600 enterprises with foreign investment in the past six years, and over 2,000 of them that have gone into operation are doing well and have attained economic results to varying extent, the overseas edition of today's PEOPLE DAILY reports.

According to the foreign investment administration of the Ministry of Foreign Economic Relations and Trade, the paper says that efforts are being made to help tackle the problems with the management of some of these enterprises.

In the past six years, China has concluded the contracts with overseas partners, involving 16.7 billion U.S. dollars, of which some 4.85 billion U.S. dollars have been actually put to use.

Investors have come from more than 30 countries and regions in the world, with marked rise in the amount of investment from the U.S., Western Europe and Japan, the paper says, adding that in term of investment amount, Hong Kong ranks the first, followed by the U.S. and Japan.

The overseas investment has been attracted not only to service trades, but also increasingly to productive projects in petroleum, chemical industry, transportation, posts and telecommunications, light industry, textiles, machine building, electronics, metallurgy, building materials, medicine, and agriculture, animal husbandry and fisheries, the paper says.

LEADERS ATTEND VETERAN COMRADE'S FUNERAL

OW130417 Beijing XINHUA Domestic Service in Chinese 1522 GMT 12 Jun 86

[Excerpts] Beijing, 12 Jun (XINHUA) -- A ceremony to bid farewell to Comrade Li Yu, a loyal communist fighter, long-tested outstanding CPC member, and Standing Committee member of the CPPCC National Committee, was held at the auditorium of the Babaoshan Cemetery of Revolutionaries in Beijing this afternoon. Comrade Li Yu died of illness in Beijing on 30 May at the age of 80.

Comrade Li Yu's remains lay amidst fresh flowers and green cypress leaves. To the accompaniment of funeral music, Comrades Xi Zhongxun, Fang Yi, Yang Shangkun, Yu Qiuli, Chen Muhua, Chen Pixian, Bo Yibo, Song Renqiong, Wang Shoudao, Cheng Zihua, Ye Fei, Gu Mu, Zhang Jingfu, Hong Xuezhi, Zheng Tianxiang, and Yang Jingren, as well as officials from departments concerned, paid their last respects to Comrade Li Yu's remains.

YU QIULI CALLS ON ARMY VETERANS IN HANGZHOU

OW100351 Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 9 Jun 86

[Text] Yu Qiuli, director of the PLA General Political Department, called on some veterans of the Red Army and the 8th Route Army in Hangzhou on the afternoon of 6 June. Yu Qiuli asked them individually about their daily life and well-being and wished them good health and a long, happy life. Yu Qiuli said: Old comrades are now staying at the second or third line so that young people can work at the front line. This is conducive to the training of cadres, and it is also necessitated by the revolutionary cause. Old comrades should enthusiastically support and assist young cadres in solving problems and surmounting difficulties. At the same time, the young cadres should be given a free hand in work and should not always be spoon-fed. As far as the young comrades are concerned, they should accurately appraise themselves, be modest and prudent, and show respect for old comrades. While calling on veterans of the Red Army and the 8th Route Army, Director Yu Qiuli was accompanied by Guo Linxiang and Zhou Wenyuan, deputy directors of the General Political Department; Xiang Shouzhi, commander of the Nanjing Military Region; and Fu Kuiqing, political commissar of the same military region.

XI ZHONGXUN GREETS NATIONALITY ACADEMY JUBILEE

OW120419 Beijing XINHUA Domestic Service in Chinese 1413 GMT 11 Jun 86

[By reporter Chen Yan]

[Excerpts] Beijing, 11 Jun (XINHUA) -- The Central Academy of Nationalities held a solemn gathering to commemorate the 35th founding anniversary of the school. Ngapoi Ngawang Jigme and Bainqen Erdini Qoigyi Gyaincain, vice chairmen of the NPC Standing Committee, and Yang Jingren, vice chairman of the CPPCC National Committee, visited the school to offer their congratulations. Xi Zhongxun, member of the Political Bureau of the CPC Central Committee, made a special phone call to the school, expressing his best wishes to its faculty, students, workers, and staff for successes in their ideology, study, and work.

HU YAOBANG CRITICIZED FOR SUN YAT-SEN REMARK

OW131047 Taipei CNA in English 0931 GMT 13 Jun 86

[Text] Taipei, June 13 (CNA) -- Chinese Communist Party General Secretary Hu Yao-pang, known for his habit of shooting from the hip, got himself into trouble again by referring to Dr. Sun Yat-sen, founding father of the Republic of China, as "once the founding father of our country." Hu made the remark in London last Sunday when he was visiting the place where Dr. Sun had been imprisoned by Manchu officials after being kidnapped. Upon seeing a bronze bust of Sun in the room, Hu said, "he was once the founding father of our country." The official HSINHUA NEWS AGENCY, which duly reported Hu's remark, issued a notice on the following day that the remark should be delected. Peiping also pretends to honor Sun as part of its united front ploy, describing him as a "forerunner of revolution" instead of the father of modern China.

TAIWAN DEFECTOR NAMED PRC CAAC DEPUTY

OW150911 Tokyo KYODO in English 0852 GMT 15 Jun 86

[Excerpt] Hong Kong, June 15 KYODO -- The pilot of Taiwan's China Airlines who defected to China last month, has been named a deputy chief of the Beijing administration office of the Civil Aviation Administration of China (CAAC), the Chinese-language newspaper TA KUNG PAO of Hong Kong reported Sunday. Hu Yizhou, director general of CAAC, announced the appointment in a meeting of senior officials of CAAC's Beijing administration office, held in Beijing last Thursday, the newspaper reported. The pilot Wang Xijue (or Wang Hsi-Chueh) attended the Beijing meeting and told some 200 senior officials of the Beijing office that he would devote himself to prosperity in China's Civil Aviation Service, the newspaper said.

ECONOMIC COOPERATION CONFERENCE WITH ROK ENDS

OW160637 Taipei CHINA POST in English 14 Jun 86 p 12

[Excerpts] President Chon Tu-hwan of the Republic of Korea yesterday told the ROC Minister of Economic Affairs Li Ta-hai and his entourage that Taipei and Seoul should strengthen their economic cooperation, particularly in reducing their trade deficits with Japan. Accompanied by ROC Ambassador to the ROK Hsueh Yu-chi, Minister Li and other delegates participating in the ROC-Korea Economic Cooperation Conference in Seoul paid a visit to President Chon yesterday afternoon. In the 30-minute meeting. President Chon asked Li to extend his greetings to President Chiang Ching-kuo. Chon also decorated Li with a medal in recognition of his contribution to economic cooperation between the two countries. Li, who heads the ROC delegation, said on his part that consultations and exchange of experience will catapult the two countries into the ranks of the highly developed countries. He also praised Korea for having built a firm foundation for its auto, steel and semiconductor industries, which have begun to show their strength in the world market. Li also pointed out that the ROC should learn from Korea on how to improve its economic structure at a faster pace.

The annual conference is to end today after the two sides issue a joint communique. The ROC delegation will return to the Chiang Kai-shek International Airport at 7:40 p.m. today and meet the press afterwards in the airport terminal.

PRC INTELLIGENCE RESEARCH FOCUSES ON DEFENSE STRATEGY

HK131248 Hong Kong MING PAO in Chinese 13 Jun 86 p 7

["Special dispatch from Beijing": "Intelligence Research Shifts Orientation, Focuses on National Defense Strategy"]

[Text] Quietly, the Intelligence Research Institute of China's Commission of Science, Technology and Industry for National Defense is undertaking a reform, shifting from specific, individual and professional intelligence research to macro, comprehensive and general intelligence research.

It was in the structural reform of science, technology and industry for national defense, which has set new tasks for intelligence research, that this change began. Because of this change, the work of intelligence research has now shifted its orientation to serving the macro management and decision-making of science, technology and industry for national defense and providing references for science and technology for national defense, the strategy for armament development and the structural reform as well as major scientific and technological orientations.

In recent years, of all the research items of science and technology for national defense undertaken by the Commission of Science, Technology and Industry for National Defense, 9 have won national awards for scientific and technological achievements and 28 have been given departmental awards of grade 3 or higher by the Commission of Science, Technology and Industry for National Defense.

It has been disclosed that following the emergence of the "Strategic Defense Initiative" (or, the star wars plans), this research institute began to closely follow its development and proceeded to gather information and make comprehensive analyses and research the background, essence and feasibility of the "Strategic Defense Initiative" as well as its impact on global strategic principles. The achievements of their research on the management systems of the science and technology for national defense in foreign countries have given impetus to the reform of China's management system of science and technology for national defense.

Their forecasts on the battlefronts in the year 2000, their research on military technology in 2000, and so on, have provided important background materials for the development of China's science and technology for national defense and the technology of armaments. GUOFANG KEJI YAOWEN [IMPORTANT NEWS ABOUT SCIENCE AND TECHNOLOGY FOR NATIONAL DEFENSE] which they edit and publish, gives the central authorities and every department timely information about military technology and trends in armament development and is generally favorably received. The book entitled "The Present Conditions of the Armaments of Foreign Troops and Their Development Trends," written and edited by them, is also highly regarded by many units inside and outside the Army.

Intelligence work is a kind of very difficult and arduous mental labor. In the past, this institute primarily conducted research on armament systems and other relevant technology. At present, in the research of strategies for national defense and the development strategem for science and technology and armaments for national defense, as the level has become higher, the horizon wider and more difficult, new demands have been made on the researchers.

Therefore, the CPC Committee of this research institute has asked all the researchers to change their concepts; free themselves from conventional strategem and technology; macroscopically study the role and impact of the development of science and technology for national defense and armament systems on strategy; conduct comprehensive research in light of political, military, economic, technological and various other factors; and make use of advanced equipment, such as computers, to master quantitative analysis methods. As a result, researchers must constantly update their knowledge, open up new vistas of study and adapt themselves to new work requirements.

It has been learned that at present, the backbone of this research institute is mainly a number of middle-aged intellectuals who have a sharp sense of strategy and good analytical ability and professional knowledge. Having rich research experience and mastering some advanced analytical methods, they have become the right-hand advisers to the decision-making organs.

PRC OFFICIAL CRITICIZES TOUGH FOREIGN PRODUCT STANDARDS

HK130940 Hong Kong SOUTH CHINA MORNING POST in English 13 Jun 86 Business Post p 2

[By Paul Sham]

[Text] Countries which deliberately impose tough product standards to protect their own industries from the imports of developing nations came under attack yesterday from a leading Chinese official. Mr. Zhong Ming, first deputy director-general of the China State Bureau of Standards, said "complicated and harsh technical standards are increasingly becoming the main means of a new protectionism." This is one of the many reasons for the huge deficit developing countries have suffered in their trade with industrialised nations. Some countries frequently change the requirements or deliberately raise the levels of standards to place obstacles in the way of imports. "This pattern of protectionism makes the developing countries sustain great loss."

To exploit standards for "narrow and shortsighted" goals defeats the real aim of standardisation, which should be to impart greater speed and economy to trade flows and not to block them, he said.

Mr. Zhong, speaking at an American Chamber of commerce luncheon, called for a unified system of standards and said China will pursue bilateral and multilateral agreements. The diversity of standards has for too long blocked the exports of developing countries and a more unified system would help them to overcome these technical barriers.

Mr. Zhong said China would pay close attention to standards and increase product quality as part of its efforts to expand trading relations with the outside world. In terms of quality and performance, the government has planned that by 1990 some 40 percent of the country's major industrial products will reach levels achieved in the late 1970's and early 1980's by developed countries, he said. A system will be developed with a quality index for export products as the core.

"In the past, because some departments did not give enough attention to quality, health, packaging, testing and other requirements... of export products, claims and returns now and then occurred," he said. Mr. Zhong also called for a universal technical language to be adopted to reduce technical barriers to trade.

He said China is developing a system of certification, although conceding it began the work a little late. "In international trade, not only technical standards can create technical barrier, but certification systems can also become obstacles to trade."

PRC UNIVERSITY TO INTRODUCE SOCIAL WORK PROGRAM

HK080348 Hong Kong SUNDAY STANDARD in English 8 Jun 86 p 5

[By Yan Mei-ning]

[Text] Guangzhou's Zhongshan University is to introduce China's first social work programme this summer with the first group of students graduating in 1988.

Nevertheless, it is expected that these graduates will quickly be absorbed by government departments. Frontline workers, forming the bulk of social workers in Western countries, would not appeal for several years, according to the professor in charge of the programme.

Professor He Zhaofa, head of the Sociology department of the Zhongshan University, talked to the SUNDAY STANDARD about the university's effort to re-establish sociology studies after an interruption of 30 years. Studies in sociology stopped in 1951 to make way for other practical subjects, following the Soviet practive adopted after the 1917 Revolution. Zhongshan University was the first university to reintroduce sociology studies in 1981. After a preparation of three years, the university admitted its first group of sociology students in 1984.

At present, the university is one of three national comprehensive universities offering sociology studies in China, the other two are Beijing University and Nankai University. "Even developed countries put more emphasis on science and technology. But it is inappropriate, in the long run, to ignore humanity subjects. The Soviets revived sociology studies during the fifties," Professor He said.

Born in Hong Kong and a UCLA graduate in the forties, the Professor went to Guangzhou to teach at Ningnan University, but had to change to teaching of Southeast Asia history from the fifties onward. At the head of the pioneer project, Professor He, at an age of 65, is working hard to fulfill his plan to establish a first class sociology department in the next ten years. By 1991, it is hoped that the department will have built up a staff of 34 with three specialities and one research institute. The three specialties are to be community studies, social work and social psychology, while the research institute will be on applied sociology.

At the moment, only the speciality of community studies has been established. The one for social work will be launched this summer and will remain as a programme until it is upgraded to a speciality in due course.

After a lapse of 30 years, there is practically no teaching staff apart from a few aged academics such as Prof He. What the university is doing is to invite lecturers and professors from overseas to teach graduate students and then send the students abroad to study for doctorate degrees.

"As there has not been a department of sociology before, the graduate students came from various disciplines. We have to give a lot of remedial lessons in sociology to them. It is also very expensive to send them abroad. It costs U.S.$20,000 a year and free home visit has to be provided every two years. Even this cause considerable difficulty for us at the moment, I insist on laying a good foundation. There is no such thing as quick, plenty and cheap."

The University of Hong Kong is working out a curriculum for the social work programme, and lecturers from Hong Kong come to Guangzhou to conduct courses. Professor He said the students expect to study courses such as juvenile delinquency, social security, disabilities and community organisation, etc.

The SUNDAY STANDARD asked what the future development of the department will be, with teaching staff sent abroad and students taught by Hong Kong and overseas lecturers. The other query was what kind of career projects the graduates could expect. Professor He emphasised that the university has to develop its own style of sociology with Chinese characteristics.

"I have recently proposed that teachers returning from studies in foreign countries should go into the factories and villages for half a year. It helps them to get to know more about the livelihood of the average people and get rid of any Western styles they may have picked up,", said Prof He.

"Unlike physical sciences, we cannot transplant Western sociology. But what we can do is to modify it," he added. Prof He said the department is trying to draft a new set of social securities for the country. "Our country has a very good system of social securities, but it is for cadres only. With the growth of private business, we have to think of how to take care of the individuals who are no longer under the umbrella of state enterprises. It is unfair for them to pay tax without getting anything in return. On the other hand, free medical treatment, for example, practised at the universities, is creating waste. This is what we should avoid."

He said the career prospects for the 43 students who will be graduating in 1988 are good. "Central government department such as the Ministry of Labour and Personnel, Ministry of Civil Affairs, Ministry of Public Health and the Rural Development Research Centre will recruit these graduates. They can also get jobs with the Public Security Bureau, in Guangdong Province, and some of the organisations such as the Chinese Communist Youth League and the All-China Women's Federation," Prof He said.

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RENMIN RIBAO VIEWS 'STORM' OVER SALT ISSUES

HK150342 Beijing RENMIN RIBAO in Chinese 14 Jun 86 p 6

["Roundup" by Zhang Liang: "The Storm Around SALT"]

[Text] A new storm has arisen between Washington and Moscow in the past few weeks. This was touched off by the U.S. decision no longer to adhere to SALT-II. This development has without doubt cast a shadow over the U.S.-Soviet disarmament talks at Geneva and has also increased the tension in relations between the two countries. This American intention was announced by President Reagan in a statement on 27 May. Reagan said that in the future the United States must decide on the structure of its strategic forces in light of the degree of the threat posed by the Soviet strategic forces, and would no longer be bound by the SALT. The reason for this was that the Soviet Union had violated this treaty. However, his words left some room for maneuver, in that he expressed the hope that the Soviet Union would make use of this period to take constructive measures to stop violating the treaty; in that case, the United States would reconsider the matter.

The Soviet Union promptly reacted strongly to this American announcement. It denounced it as "an attempt to wreck the military balance," and warned that the Soviet Union "would not be unconcerned" over this move. If the United States failed to adhere to the treaty provisions, this might make the second U.S.-Soviet summit scheduled for this year fizzle out.

This expression of attitude by the U.S. Government caused serious disquiet in America and also among the Western allies. Now, when there has been no progress at all in the U.S.-Soviet arms control talks, the official U.S. announcement that it will no longer adhere to SALT-II will undoubtedly whip up a new round of the nuclear arms race. According to reports, the majority of congressmen do not agree with the government's decision, and some of them have even made plans for legislative moves to force the Reagan administration to continue to adhere to the treaty. At the recent conference of NATO foreign ministers, the foreign ministers of various countries put pressure on the United States by appealing to it not to abandon SALT-II. In the face of these pressures, President Reagan defended and explained his administration's decision at his 11 June press conference, to reassure the country and the Western allies. Reagan stated that if the Soviet Union could take the correct action, he might retract his decision to break through the SALT restrictions.

The U.S.-Soviet SALT was signed in 1979 during the administration of President Carter. After the treaty was signed, there were always differing views on it in the United States, and later the treaty was shelved by Congress and has never been ratified, due to the Soviet invasion of Afghanistan. The Reagan administration has always taken a negative attitude toward the treaty since it came to power. Due, however, to various domestic and external factors, Reagan has guaranteed that "so long as the Soviet Union displays corresonding restraint, we will not violate the existing arms control agreements."

However, the United States and the Soviet Union have constantly bickered and accused each other of violating the treaty over the past 7 years. In the recent period of time, Reagan submitted a detailed report to Congress listing Soviet treaty violations, and in particular accusing the Soviet Union of having produced and deployed new type-2 SS-25 intercontinental missiles, building a new radar station in Siberia, continuing to use secret code in missile testing with the aim of hampering verification, and so on. For its part, the Soviet Union has denied this and has in turn accused the United States of breaking the treaty provisions on many occasions, such as by exceeding the stipulated number of multiwarhead missiles, building missile-launching silos on land above the stipulated number, deploying Pershing-II and cruise missiles in Western Europe, and so on.

However, there are other reasons why Reagan chose the present moment to threaten to scrap the treaty. According to analysis by foreign press and publications, the United States may have taken three aspects into account. First, it wants to influence the U.S.-Soviet arms control talks at Geneva. Since they were resumed last year, these talks have now gone to the fifth round, but they have still not entered the phase of substantive "bargaining," and there is not much chance of an agreement being reached in the near future. The United States hopes that a realistic plan for reducing nuclear armaments can be discussed as soon as possible. Second, U.S. midterm elections are due in November, and Reagan needs to take a hardline attitude to reassure the right-wing conservatives. The United States plans to deploy a number of new B-52 bombers carrying cruise missiles before the end of the year; when that happens, the total number of U.S. multiwarhead missiles and aircraft will exceed the 1,320 limit set by the treaty. U.S. Defense Secretary Weinberger said quite openly that this is for the purpose of reviving a "modern and effective deterrent force," to counter Soviet superiority in land-based missiles.

SALT-II was signed when there was parity between U.S. and Soviet nuclear forces. It is an agreement that seeks upward balance, and there are also many ambiguities in the text that give the two sides room for maneuver in continuing to develop their nuclear forces. The United States holds that the treaty provisions regarding multiwarhead missiles favor the Soviet Union, and that the Soviet Union has taken advantage of this loophole in the treaty to greatly develop its nuclear forces in recent years. The United States has therefore harbored the notion of changing the restriction on the number of carrier vehicles to a restriction on the number of warheads, so as to alter this aspect which is unfavorable for the United States. U.S. talks of scrapping the treaty also more or less reflects this U.S. thinking.

The current storm between the United States and the Soviet Union centered on whether to continue adhering to SALT-II also shows that there has been no relaxation in the positions of the two sides regarding disarmament. The Soviet Union has recently displayed some kind of "flexibility" while launching a vigorous "peace" offensive under the premise of making no substantial concessions. The aim of these Soviet proposals remains to pressure the United States into abandoning its "star wars" scheme, while the United States for its part seeks to force the Soviet Union to make a big reduction in its land-based intercontinental missiles. Hence, although one disarmament proposal after another has seen the light of day, not even minimal progress has ever been made at the Geneva disarmament talks. These proposals have turned into blank rounds. What now worries people in the West is that if the treaty is indeed dismantled, there will not even be a superficial restriction on the U.S.-Soviet arms race, and it is hard to predict what kind of a situation this will produce. The antogonism between the two countries will also increase.

NEWS ANALYSIS VIEWS U.S.-CANADA TRADE 'TIFF'

OW150209 Beijing XINHUA in English 0132 GMT 15 Jun 86

["News analysis: Canada, U.S. -- Trade War or Trade Talks?" by Zhang Yuanting -- XINHUA headline]

[Text] Ottawa, June 14 (XINHUA) -- The growing trade dispute between the United States and Canada is by no means "a tiff," even though U.S. Vice President George Bush has repeatedly stated that it is.

The term "free trade," favored so far by the Reagan administration, suddenly seemed meaningless when the United States unilaterally announced May 22 a 35-percent tariff increase on Canadian red-cedar shakes and shingles.

Prime Minister Brian Mulroney charged that the imposition of U.S. tariffs was "appalling and unacceptable." In retaliation against the U.S. move, Ottawa announced June 2 that it would reimpose and increase duties on some U.S. products, including books, computer parts, cider, Christmas trees, oatmeal and oil for making asphalt. Both the U.S. measures and the Canadian retaliatory move took effect June 6.

Another victim of the trade conflict is the oil and gas drilling equipment Canada exports to the United States, and people are expecting a levy of 27 percent on Canadian softwood products. American timber dealers have complained about the Canadian Government's "inappropriate" subsidies for the country's softwood exports and the U.S. International Trade Commission Tuesday began a hearing on the matter.

The new tariff, if imposed, would represent a fatal blow to the Canadian softwood industry, which takes up one-third of the U.S. market and sold four billion Canadian dollars worth of its products to the United States last year. This new move also would threaten 300,000 related jobs for Canadians, a situation that is too harsh to be described as trifles between the two neighbors.

The present trade dispute between the two North American nations set the tone for their ongoing free trade talks, which began May 21. Any substantial outcome, as it looks like, can only be achieved on the basis of immediate resolution of the current tariff war. On all accounts, however, Bush's four-day visit to Canada this week has achieved little in this respect.

In Vancouver, Bush pledged to minimize the impact of the tariff war. Yet, the vice president could offer his 1,000 audience nothing more than the importance of U.S.-Canadian friendship and his government's determination to continue the free trade talks. What he stated next day at a press conference in Ottawa was simply a repetition of what he announced in British Colombia. At times, the vice president sounded so ambiguous that many observers suspected that he was more interested in temporarily easing the tension than in finding a real solution to the conflict. The U.S. investigation in subsidies for Canadian softwood products remained a worry for Bush's hosts here because they were apparently dissatisfied with his vague statement that the Reagan administration will strictly adhere to the U.S. trade laws. It could be only interpreted as an excuse for new tariffs if the United States thought the subsidies were "inappropriate," they said.

Last year, Washington had a 148-billion-dollar trade deficit with its trading partners, of which 20 billion was with Canada, next only to that with Japan. The growing trade imbalance has sparked cries of protectionism and other retaliatory measures from many American legislators.

President Ronald Reagan, who has declared himself a staunch opponent to protectionism, still takes his free trade doctrine as a cure to trade imbalance. During his visit to Canada March 1985, the President called in Quebec City for direct free trade talks between the two countries and believed that low-tariff or tariff-free trade between the two big powers could benefit both sides of the border. Neither the president's belief nor his proposed talks have produced any substantial results. The U.S. trade deficit seems to be denying gravitation and, according to Bush, more and more U.S. legislators began to favor stronger measures to check its momentum.

Given the fact that the Reagan administration remains factious on the issue, the U.S. future trade policy toward Canada will be a combination of opposite stances -- free competition and protectionism. As a Canadian newspaper put it, "free trade in words, protectionism in deeds" will be Washington's position in the U.S.-Canadian free trade negotiations.

SINO-U.S. SATELLITE LAUNCH PACT SIGNED

HK170257 Beijing CHINA DAILY in English 17 Jun 86 p 1

[By staff reporter]

[Text] Two U.S.-built communications satellites are to be launched in the next two years by China Great Wall Industry Corporation, an affliliate of the Ministry of Astronautics, and Teresat Inc, a United States company headquartered in New York City.

Under the agreement, the first satellite will be sent up in the last quarter of 1987 and the second six months later. Both will be launched at Xichang in the southwestern province of Sichuan. The cost will be 10 to 15 per cent below the world market price, Uker, deputy manager of the China Great Wall Industry Corporation, told CHINA DAILY.

China has successfully launched 18 satellites since 1970. It has had only one failure -- in 1974, when attempting to put up its first recoverable satellite.

In launching the U.S.-made satellites, Uker, who is a senior engineer in the field, said his corporation will seek coverage from the People's Insurance Company of China. Teresa expects to buy insurance for its two satellites in the United States.

RENMIN RIBAO REPORTS REAGAN REMARKS ON USSR PROPOSAL

HK170658 Beijing RENMIN RIBAO in Chinese 13 Jun 86 p 7

["Special dispatch" from Washington by reporter Zhang Yunwen: "Reagan Confirms That the Soviet Union Has Put Forward a New Proposal on Reducing Nuclear Weapons"]

[Text] Washington, 11 Jun -- U.S. President Regan confirmed today that at the Geneva arms control talks, the Soviet Union put forward a new proposal on reducing nuclear weapons. A U.S. Government official has revealed that the new Soviet proposal not only includes the reduction and limitation of strategic arms, but also involves medium-range nuclear weapons and space weapons. Reagan remarked that he would study the Soviet proposal, and added that the United States would, in several months to come, do its best to negotiate with the Soviet Union on a realistic program for reducing nuclear weapons, in order to replace the nuclear arms limitation treaty which has not been approved but is overdue. Reagan said that he believed that, like himself, Gorbachev also wants to hold a summit meeting between the two countries, and Reagan was of the opinion that the meeting would soon take place.

At a nationwide televised press conference tonight, reporters' questions concentrated on the U.S.-Soviet nuclear arms reduction treaty. The United States has announced that by the end of this year, it will deploy 131 B-52 bombers armed with cruise missiles. At that time, the number of U.S. strategic missiles will exceed the limit set by the treaty, and the United States will no longer be bound by the treaty. This decision produced strong repercussions in the United States and in the rest of the world. Public opinion maintains that this decision has broken the 15-year arms control and will, undoubtedly, aggravate the arms race.

Reagan said that all the treaty did was to regulate the increase rate and number of weapons and to legitimize the arms race, and that it did not do anything nuclear weapons or the nuclear threat. Therefore, he has always opposed it. At tonight's press conference, Reagan accused the Soviet Union of violating the SALT II Treaty, but added that he would withdraw the decision of breaking through the retraints of the SALT II Treaty if the Soviet Union would take a correct attitude.

At the beginning of the press conference today, Reagan called on Congress not to cut the defense budget and urged it to approve the taxation system reform bill and the $100 million aid package to the Nicaraguan anti-government forces. These three motions are still under debate and will soon be put to the vote.

SHULTZ SAYS NEW SOVIET PROPOSAL 'GOOD SIGN'

OW140854 Beijing XINHUA in English 0659 GMT 14 Jun 86

[Text] Washington, June 13 (XINHUA) -- U.S. Secretary of State George Shultz said today the new Soviet proposals to reduce long-range nuclear weapons put forth in Geneva on Wednesday are "a good sign." Appearing on a telecast sponsored by the U.S. Information Agency, Shultz said while those proposals "have a propagandistic value," they "have substance in them....that's a good sign."

Unidentified government officials told ASSOCIATED PRESS today that in these proposals, the Soviet Union dropped its earlier demand that U.S. fighter-bombers in and around Europe be counted as strategic weapons and offered to raise the limit on total nuclear forces. In exchange, the officials said, the United States would have to agree to abide by the 1972 anti-ballistic missile treaty for 15 to 20 years.

White House spokesman Larry Speakes told reporters yesterday that the United States found those proposals "interesting" and would give them "a serious study."

USSR ENVOY URGES U.S. TO REVERSE SALT II DECISION

OW140701 Beijing XINHUA in English 0642 GMT 14 Jun 86

[Text] Washington, June 13 (XINHUA) -- A top Soviet diplomat warned today that if the United States really scraps the SALT II Treaty, it will evoke "a chronic arms competition" and possibly cast away the chance for a new U.S.-Soviet summit. At a Soviet Embassy news conference here, Soviet Deputy Ambassador Oleg Sokolov said the Soviet Union would not remain "a passive onlooker" if Washington ended its "technical" compliance with the 1979 accord but it would take "proportionate" measures to preserve the superpower "strategic parity."

When the United States breaks out of previous arms control agreements, he said, "all the limitations provided for in them will become invalid, such as the limitation on the number of the strategic delivery vehicles and the number of warheads on them." Furthermore, he contended, the actual U.S. abandonment of the SALT II Treaty would affect "in the most serious and negative way" overall U.S.-Soviet relations, including arms control talks and "in particular" the chance for a second summit this year.

He urged the United States to preserve the SALT II Treaty as a "base" for further agreements to curb the buildup of nuclear weapons by the two superpowers. Should President Reagan reverse his decision, "it certainly enhances the prospect, not only for relations in general, but for the summit meeting in particular," he said.

GORBACHEV REVEALS DETAILS OF DISARMAMENT PLAN

OW170556 Beijing XINHUA in English 0540 GMT 17 Jun 86

[Text] Moscow, June 16 (XINHUA) -- Soviet Leader Mikhail Gorbachev today revealed details of the latest Soviet disarmament proposal and said a new Soviet-U.S. summit was feasible if there was a possibility that concrete agreements could be reached.

Speaking at a one-day plenary meeting of the Soviet Communist Party's Central Committee, Gorbachev said that in attempting to find mutually acceptable solutions to the arms race, Moscow has taken "new steps", which include a U.S.-Soviet agreement on non-withdrawal from the 1972 Anti-Ballistic Missile (ABM) Treaty for at least 15 years and on limiting the research of the U.S. Strategic Defense Initiative (SDI), "star wars", to laboratory testing. Moscow's proposal also call for the limiting of American and Soviet strategic offensive arms to 1,600 units each with a total number of warheads of no more than 8,000.

"The question of medium-range weapons capable of reaching the territory of the other side, including that of long-range cruise missiles, could be solved separately," Gorbachev said. The Soviet proposal has already been presented to the U.S. at the Geneva arms control talks. "If the Americans ignore, this time as well, our initiatives, it will be clear that the present U.S. Administration is playing an unseemly game in the most serious question on which determines the future of man," Gorbachev said.

Washington, he said, "is assuming the gravest responsibility to mankind" by refusing to end nuclear testing and join the Soviet moratorium.

However Gorbachev insisted a new Soviet-U.S. summit was "possible" but said it would require "a atmosphere that would open up prospects for reaching real agreements."

Gorbachev also referred to last week's Warsaw Pact summit in Budapest, calling it "a major contribution of socialist countries to the struggle for improving the international situation." The summit ended with a disarmament initiative calling for NATO-Warsaw Pact cuts of 100,000 to 150,000 soldiers over the next one or two years and a 25 percent reduction in troop strength by the early 1990s. Gorbachev said the Warsaw Pact meeting also approved the Soviet idea for a mutual effort by all countries to realize the "star peace" program. It would include international cooperation in communications and navigation as well as land, air and space rescue operations and remote sensing. The "star peace" program is apparently a Soviet bid to stop the U.S. "star wars" project, which aims to build a anti-missile shield in space.

SOVIET UNION PROPOSES 'STAR PEACE' PROGRAM

OW121414 Beijing XINHUA in English 1403 GMT 12 Jun 86

[Text] Moscow, June 12 (XINHUA) -- In a major effort to stop the U.S. "star wars" project, the Soviet Union today proposed a three-stage joint program on peaceful space development to realize what Moscow termed "star peace" by the year 2000. It also called for a special international conference to discussed establishing a world body on peaceful spaceful exploration.

In a letter to United Nations Secretary-General Javier Perez de Cuellar, Soviet premier Nikolay Ryzhkov said the joint space project would include international cooperation in communications and navigation as well as land, air and space rescue operations and remote sensing, according to the Soviet news agency TASS.

Ryzhkov said the first stage of the project, which would be carried out in the next five years, should be focused on the assessment of world people's needs for space development. The second stage, Ryzhkov said, calls for coordinted efforts to study and develop space technology in the early 1990s. The last stage would be concluded before the year 2000 and would involve the launching of spacecrafts and the installation of necessary ground facilities.

The Soviet "star peace" project appears to be a major countermeasure to the U.S. Strategic Defense Initiative (SDI), commonly known as the "star wars" project, a plan to build an anti-missile shield in space. Moscow has repeatedly called upon Washington to abandon the SDI plan, offering instead its "star peace" project, but this appears to be the first time the Soviet Union has revealed details of its initiative.

USSR URGES U.S. RESPONSE TO WARSAW PACT PROPOSAL

OW151235 Beijing XINHUA in English 1216 GMT 15 Jun 86

[Text] Moscow, June 15 (XINHUA) -- The Soviet Union complained today that the United States and its NATO allies have not made a positive response to the disarmament proposal made by the Warsaw Pact last week, saying that the West position on the issue was an obstacle to arms control.

Leading official Soviet newspaper PRAVDA said in a commentary that while the U.S. State Department promised to further study the proposal put forward by Warsaw Pact nations in Budapest, Washington has tried to give the impression that real disarmament progress was already made possible by Western arms control initiatives. "As a matter of fact, the disarmament stance adopted by the West still constitutes an obstacle to real solutions to disarmament issues," the newspaper said.

It urged Washington and other NATO countries to respond positively to the proposal, which called for an East-West troop reduction of 100,000 to 150,000 soldiers for each side over the next one or two years and a 25 percent cut in troop strength by the early 1990s. The newspaper also accused U.S. President Ronald Reagan of taking a dangerous step in preparing not to abide by the 1979 SALT II Treaty. Any U.S. accusation of Soviet violation of the treaty is not convincing, it said.

PHILIPPINE VICE PRESIDENT CONTINUES VISIT IN BEIJING

Further on Zhao, Laurel Talks

OW161445 Beijing XINHUA Domestic Service in Chinese 0813 GMT 16 Jun 86

[Excerpt] Beijing, 16 Jun (XINHUA) -- Premier Zhao Ziyang told Philippine guests today that he believes the new Philippine Government can surely create a more stable domestic situation and further rehabilitate and develop the economy under the leadership of President Corazon Aquino and Vice President Salvador Laurel.

Zhao Ziyang said: China and the Philippines are friendly and close neighbors with profound contacts in history. Since the new Philippine Government was founded, the friendly relations have continued to develop between the two countries. The Chinese Government appreciates the positive attitude taken by the new Philippine Government in promoting Sino-Philippine friendship. Zhao Ziyang made the above remarks when holding talks with Laurel, vice president and foreign minister of the Philippines, in the Great Hall of the People this morning.

Laurel said that the Philippines and China have never been enemies in the past, and that there is no reason that they should not become the best friends.

The Philippine vice president pointed out: China was one of the earliest countries to recognize the new Philippine Government. The Philippines highly appreciates the timely sympathy and support given to the new government by the Chinese Government's firm policy to develop neighborly and friendly relations with the ASEAN countries. China hopes the ASEAN countries will become strong and united and support ASEAN's desire to turn Southeast Asia into a peaceful, free, and neutral region. The Chinese Government highly values ASEAN's role in promoting peace and stability in the Southeast Asian region. He added that there are very good prospects for economic and technological cooperation by China with the Philippines and other ASEAN countries.

Laurel said the ASEAN countries are looking forward to the development of more fruitful cooperation with China. He expressed the conviction that the ASEAN countries will surely intensify their cooperation with China in the political and economic fields.

He gave a briefing on the measures taken by the new Philippine Government since its founding to stabilize the political situation and rehabilitate the economy. He expressed the opinion that winning the trust of the people is the key to the existence of any government.

Zhao Ziyang briefed the guests on China's economic structural reform and the policy of opening to the outside world. He said: Generally speaking, China is advancing while exploring ways to make progress. From what we can see now, we can succeed in reform without experiencing serious setbacks.

The two sides discussed expansion of trade and cooperation in the economic and cultural fields. They agreed that both countries are developing countries, and that barter trade to supply each other's needs would be a good thing.

Laurel Confers With Wu Xueqian

OW161340 Beijing XINJUA in English 1337 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Visiting Salvador H. Laurel, Philippine vice president and foreign minister, met Wu Xueqian, Chinese state councillor and foreign minister, at the State Guesthouse here today. They exchanged views on strengthening bilateral friendly relations and cooperation, as well as on international issues of common interest.

Holds Talks With Zheng Tuobin

OW161422 Beijing XINHUA in English 1351 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Salvador H. Laurel, visiting Philippine vice-president and foreign minister, met and exchanged views on bilateral economic and trade relations with Zheng Tuobin, Chinese minister of foreign economic relations and trade, here today.

Laurel expressed his satisfaction with the development of bilateral economy and trade, and hoped China would take positive measures to redress the trade imbalance, currently in China's favor.

Zheng told him that China attaches great importance to balancing trade between the two countries and has already adopted a series of measures to this end. He welcomed Philippine private businessmen to engage in trade with China while China maintains its relations with state-owned trading companies in the Philippines. He also welcomed more Philippine businessmen to take part in the annual Guangzhou commodities fair. "This will make the bilateral trade more flexible and varied," he added.

Laurel hoped that China would invest in the Philippines' forstry and mining industries.

Zheng shared his views and said China would take a positive attitude to promoting mutual investment.

Dines With Tian Jiyun

OW161418 Beijing XINHUA in English 1356 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Chinese Vice-Premier Tian Jiyun gave a dinner in honor of Salvador Laurel, Philippine vice-president andd foreign minister, and Mrs. Laurel at the Diaoyutai State Guesthouse here today.

Meets Deng Xiaoping 17 Jun

OW170825 Beijing XINHUA in English 0809 GMT 17 Jun 86

[Text] Beijing, June 17 (XINHUA) -- "China and the Philippines can be very good friends," Deng Xiaoping, chairman of the Chinese Communist Party Central Advisory Commission, said here today. He said President Corazon Aquino is welcome to visit China at any convenient date.

At a meeting with Philippine Vice-President and Foreign Minister Salvador Laurel in the Great Hall of the People, the senior Chinese leader said China is happy that the Philippine people made a very significant choice last February. China and the Philippines have long been close friends, Deng said. Relations between the two countries have been almost without any problems since they recognized each other in 1975. China has always respected the volition of other peoples, he said, expressing the belief that the friendly cooperation between China and the Philippines will continue to develop.

Laurel's talks with the Chinese leaders over the last couple of days have testified to the close ties between the two countries, he added.

Laurel expressed his gratitude for China's timely sympathy, understanding and support for the new Philippine Government, which won the recognition of the Chinese Government almost immediately after its formation. China sent a government cultural delegation to sign the first agreement with the new Philippine Government one week after it came into power, he said.

The new Philippine Government is committed to promoting the sincere friendship deeply rooted among the two peoples, the vice-president said. Laurel considered his talks with the Chinese leaders this week "sincere, frank and fruitful," at which the two sides shared similar views on a number of questions of mutual concern.

Deng Xiaoping briefed his guest on the "one country, two systems" concept, with which China resolved the Hong Kong issue. China intends to settle the Taiwan question using this concept, too, which is aimed at solving problems without resorting to arms. China is for settling international issues peacefully, he declared.

Laurel expressed his appreciation of the way the Hong Kong question was resolved. The Taiwan question, he said, should also be settled by the Chinese people themselves without external interference. The Philippine Government will continue to pursue the "one China" policy, the vice-president reiterated.

FURTHER ON HU YAOBANG'S EUROPEAN VISIT

Li Peng Discusses Energy Policy

HK160310 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0919 GMT 15 Jun 86

[Text] Bonn, 15 Jun (ZHONGGUO XINWEN SHE) -- Vice Premier Li Peng answered questions put by representatives of Overseas Chinese and Chinese students in the FRG when he met them with General Secretary Hu Yaobang today. He spoke on China's energy policy and the Sanxia [Three Gorges] project.

On China's energy policy, Li Peng said: "China has rich coal resources and also a certain amount of oil. There are also rich hydropower resources. Hence, China will mainly depend on thermal power, coal, and hydropower to solve its electricity problem. However, China is also prepared to go in for a little nuclear power, on a very small scale. The main purpose of this is to follow in the tracks of advanced world technology. Of course, it is also aimed at solving a bit of the electric power problem. The nuclear accident at Chernobyl has aroused extremely great concern in China as well as in Europe. We are basically using American technology, pressurized water reactors, in the nuclear power plants we are now building. This is totally different from the technology at Chernobyl. We hold that this technology we are using is realtively advanced and mature, and relatively reliable in the safety aspect. However, the Chernobyl incident has also taught us a lesson, and we will have to all the more adopt measures stressing safety in design, construction, and future operations. We are also prepared to promote international cooperation in nuclear safety."

Regarding the Sanxia project, Li Peng said: "The Sanxia project is a project of tremendous and comprehensive benefit for power generation, flood prevention, protection of Wuhan City and the lower reaches of the Chang Jiang, waterway transport, and so on. Preparatory work for this project was started by the Americans back in the 1940's. After the liberation, we specially set up a very large design organ, which has engaged in protracted work for over 30 years now. Since this is a very large project with a bearing on the overall scheme of the four modernizations and on posterity, we are adopting the following approach: 1) To be positive and not avoid engaging in this project. We still want to go ahead with it. 2) To be cautious, extremely cautious. We are preparing to organize demonstrations and proofs, and we will also hire a number of foreigners who are experienced in hydroelectric station construction to take part in the consultations. At present some people are saying that China will contract this project to foreign countries. That is not so. We are only inviting foreigners to provide some technical consultatiave service."

Leaves FRG for France

OW161750 Beijing XINHUA in English 1736 GMT 16 Jun 86

[Text] Munich, June 16 (XINHUA) -- Chinese Communist Party leader Hu Yaobang concluded his five-day visit to Federal Germany and left for France by special plane today to continue his four-nation West Europe tour. Accompanied by Minister-President of the Land Bavaria Franz Josef Strauss, Hu reviewed a guard of honor at a grand seeing-off ceremony at the airport. Also present on the occasion were Guo Fengmin, Chinese ambassador to Federal Germany, and Per Fischer, Federal German ambassador to China.

Accompanying Hu on his current trip are Vice-Premier Li Peng, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Fei Xiaotong, and Vice-Minister of Foreign Affairs Zhou Nan.

This morning Hu visited the city art gallery, one of the world's six largest, which boasts 2300 peices by German, Italian, French, Dutch and other masters living between the 14th and 18th centuries. Meanwhile, Vice-Premier Li Peng visited Deutsches Museum, the largest scientific and technological museum in the world.

Roundup on Hu's FRG Visit

OW160947 Beijing XINHUA in English 0833 GMT 16 Jun 86

["Roundup: Hu Yaobang Winds Up Visit in Federal Germany" -- XINHUA headline]

[Text] Munich, June 16 (XINHUA) -- Chinese Communist Party leader Hu Yaobang leaves here for Paris today, winding up what he described as fruitful discussions with Federal German leaders on world peace and the friendship and cooperation between the two countries and between China and Europe as a whole.

Hu arrived here Saturday from Bonn where he had met with Federal German Chancellor Helmut Kohl, Social Democratic Chairman Willy Brandt as well as President Richard Von Weizsacker, Foreign Minister Hans-Dietrich Genscher and other Federal German politicians.

He told his hosts that the two superpowers possessing the largest nuclear arsenals should sit down for serious talks instead of bogging down the blind alley of confrontation. He called on all peace-loving countries and people to jointly pressure the superpowers to stop the arms race, including the race in outer space and to stop all acts of bullying of the weak. He called upon the superpowers to stop interfering in the internal affairs of other countries and violating their national sovereignty. In this respect, he said, Europe and China are two important forces and can play a significant role in checking war and safeguarding peace.

Hu also noted "important progress" towards a united and strong Western Europe and welcomed the increased contacts between Eastern and Western Europe.

On the North-South issues, Hu urged for reforming the present international economic order, saying that to help developing countries is the obligation of their own continued development. So long as the gap between the North and the South is widening and hundreds of millions of people go hungry, there is no justice, peace and stability to speak of, Hu said.

In a speech to 250 leading Federal German businessmen on Friday, Hu pledged that the opened door of China will never be shut again. Having suffered from self-imposed seclusion for three to four centuries, "we are determined to pursue the policy of opening to the outside world for a long time to come," he said.

Hu asked businessmen to see things in a long-term perspective, adhere to the principle of equality, reciprocity, patience and mutual understanding, and assume more flexible approaches in pursuing economic cooperation with China.

The general secretary said the Chinese people and government desire strong Sino-Federal German relations in all fields on the basis of long-term stability.

Hu noted that the economic relations between China and Federal Germany, its largest trading partner in Europe, have been developing smoothly, with the total volume of bilateral trade in 1985 exceeding three billion U.S. dollars. But "in my view, there are still vast potentials for further cooperation," he said. Hu called on Federal German businessmen to offer China funds, technology and managerial expertise in exchange for its abundant human and material resources and vast market.

Federal German Chancellor Kohl told his guest that relations between their countries are "advancing on the sound track" and that they share identical views on many political issues. Both the Federal German and Chinese Governments oppose international aggression and support the rights of self-determination of the Afghan and Kampuchean peoples and the withdrawal of foreign troops from Afghanistan and Kampuchea, he said. Kohl also said the economies of the two countries complement each other, establishing a basis for the broad development of bilateral economic relations.

Brandt told his Chinese guest that despite disarmament negotiations over the past 30 years, the arms race has actually intensified. He said he hoped that Federal Germany and China could become partners in the search for peace, equality and unity and that relations between his party and the Chinese Communist Party will continue to grow.

At a press conference held in Bonn Friday, Hu said his five-day visit, although short, is fruitful. "I have strongly felt that Sino-Federal German friendship has struck roots in the hearts of our two peoples," he said.

On Thursday, the day of his arrival in Federal Germany, Hu travelled to North Rhine-Westphalia, the major industrial state of Federal Germany.

Yesterday morning, Hu visited an animal husbandry research center in the suburbs of Munich. The center, the largest of its kind in Federal Germany, helps train personnel from 17 countries, including China. Impressed by the advanced technology in the center, Hu said there are "bright prospects" for further cooperation between China and Federal Germany in animal husbandry.

Hu, jointly invited by Kohl and Brandt, arrived in Bonn after a visit to Britain. His current 16-day European tour will also take him to Italy after he completes his visit to France.

French Press Welcomes Hu Visit

OW161803 Beijing XINHUA in English 1747 GMT 16 Jun 86

[Text] Paris, June 16 (XINHUA) -- The French press has carried a number of editorials and articles welcoming Chinese Communist Party General Secretary Hu Yaobang's visit to France, which begins today.

"L'ECHO" stated in an article that Franco-Chinese relations have been well established in the economic domain as well as on vital diplomatic and political issues, and Hu's visit to France "indicated Beijing's desire to strengthen its ties with the old continent" (Europe). France should also make up its mind to provide more technical aid to help with China's economic take-off, if it wishes to maintain good relations, the paper said.

"LE FIGARO" remarked that both France and China are self-determining nuclear powers and both are members of the U.N. Security Council. Like China, France bases its policy of independence on dialogue with the two superpowers and on its ties with the Third World. The paper said the two countries are very close to each other in their viewpoints on East-West relations and disarmament.

"L'HUMANITE" published a schedule of Hu's visit to France, and carried a picture of his arrival in Bonn.

"EUROPEAN TIME," a Chinese-language newspaper published here, gave an editorial salute to the general secretary's visit, calling it "a big event in Sino-French relations which will have far-reaching, historical significance." The paper said it is indispensable to further strengthen and develop the friendly relations between France and China, countries which play an influential role in the international arena. The leadership of the two countries has over the past two decades strived to maintain these friendly relations, the paper said. The Chinese-language publication also expressed the belief that friendship and cooperation established on the basis of common interest will stand the test of time and no force whatsoever can break it.

The paper said that China leaders have put forward the basic national policy of "revitalizing China", which means that internally, it will boost its economic construction through reforms and its open-door policy, and externally, it will uphold its policy of independence, self-determination and peace. It can be predicted that China will stick to its national policy and will assume a new look in the world, the paper said.

"EUROPEAN TIME" concluded by expressing a heartfelt welcome to Hu Yaobang on his visit to France and the hope that the friendship between the two countries will remain evergreen.

Hu, Li Peng Arrive in Paris

OW161503 Beijing XINHUA in English 1438 GMT 16 Jun 86

[Text] Paris, June 16 (XINHUA) -- Chinese Party leader Hu Yaobang arrived here this afternoon for an official visit to France, the third leg of his four-nation West Europe tour aimed at promoting friendship, cooperation and peace. Hu, general secretary of the Central Committee of the Communist Party of China, is accompanied by Li Peng, vice-premier; Fei Xiaotong, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference; Zhu Liang, head of the International Liaison Department of the CPC Central Committee; and Zhou Nan, vice-minister of foreign affairs.

Given 'Red-Carpet Welcome'

OW162041 Beijing XINHUA in English 2019 GMT 16 Jun 86

[Text] Paris, June 16 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang was accorded a red-carpet welcome by President Francois Mitterrand when he arrived here today to start a four-day official visit to "further bilateral relations and promote peace in the world." Hu's special plane touched down at 04: 20 p.m. (local time) at Orly airport. Hu, accompanied by President Mitterrand, inspected the republic's guard of honour after a military band played the national anthems of the two countries.

In a speech at the airfield's pavilion of honor, President Mitterrand recalled the amicable reception and hospitality he had received during his visit to China in 1983. He said he was looking forward to further discussions with Hu on important international issues, and on peace and balance in the world. He expressed the hope that the general secretary's visit would be a great success in promoting bilateral contacts and for the benefit of the world.

In his speech, General Secretary Hu recalled his "very pleasant and friendly" talks with the president in Beijing and said he was convinced that his visit to France would be quite fruitful. "France is a great nation who has made its significant contributions to human civilization and world progress," Hu said.

As for the future of the Chinese and French people and that of the human race at large, Hu said he was thinking of the famous words of a great French thinker, Francois-Marie Arouet Voltaire, that man's greatest treasure is hope. No one would go sowing if people just think of the present.

Hu and Mitterrand left Orly airport by helicopters and changed for cars at the Invalides Square in the city. Then they drove to Marigny Hotel, a guest house usually reserved for visiting heads of state and government.

The two leaders will have talks this afternoon at Elysee Palace, where a state dinner will be given in Hu's honor by President Mitterrand this evening.

France is the third leg of the Chinese leader's four-nation West European tour which has taken him to Britain and Federal Germany. Among Hu's entourage are Vice Premier Li Peng, and Fei Xiaotong, vice chairman of the National Committee of the Chinese People's Political Consultative Conference.

Holds Talks With Mitterrand

OW170036 Beijing XINHUA in English 0027 GMT 17 Jun 86

[Text] Paris, June 16 (XINHUA) -- Hu Yaobang, visiting general secretary of the Central Committee of the Communist Party of China, met with French President Francois Mitterrand here this afternoon. The Chinese party leader arrived earlier this afternoon for a four-day official visit, a part of Hu's Western Europe tour, which has also taken him to Britain, Federal Germany and will end in Italy.

Hu said he appreciated the role that France has played in major international issues and expressed satisfaction with the development of the relations between China and France in recent years. Hu also briefed the French president on the situation in China and China's view on major international issues.

Mitterrand told Hu that he was pleased to see the identical positions of France and China on world peace, disarmament and other matters. The French president also briefed Hu Yaobang on the development of the European communities and France's position on relations with Third World countries. Mitterrand stressed that France's European policies are the "major axis" of its entire foreign policies and Paris-Bonn relations have a special role in the development of Europe, an Elysee official said.

Hu, Mitterrand Speak at Banquet

OW171014 Beijing XINHUA in English 0937 GMT 17 Jun 86

["Roundup: Hu Says Europe Can Help Deter War" -- XINHUA headline]

[Text] Paris, June 16 (XINHUA) -- Chinese Communist Party leader Hu Yaobang, who arrived here earlier today on a four-day visit to France, said a united and strong Europe can play an "immeasurably active" role in preventing war. Speaking at a dinner given in his honor by President Francois Mitterrand at the Elysee Presidential Palace, General Secretary Hu said it is groundless to be pessimistic about the role and future of Europe. Europe has not only a bright past but an even brighter future, he said.

"A growing and strengthening Europe, united on the basis of common interests, will have an immeasurably active part to play in restraining war and preserving peace, just as a revitalized China, which pursues its own independent foreign policy for peace, will do," he said.

Hu also urged for North-South dialogue and cooperation, saying that "without the economic growth of the developing countries, the developed nations would be in a difficult position in respect of their raw material sources, markets as well as exits for their capital investment and it would not be easy for them to secure an enduring growth."

Hu said he admired the reasonable stand taken by some French friends on the issue of South-North cooperation. "It is my hope and conviction that France will make its own contributions to that end," he said. China and France, he pointed out, share many similar or identical views "on peace and development, the two most fundamental issues of the time." He said both China and France want to prevent war and call for East-West dialogue and oppose the arms race, aggression and expansionist policies. "Both believe that it is the superpower's duty to reduce their armament first and that they have no right to dictate to the rest of the world," he said.

Hu, invited by French President Mitterrand, was met by Mitterrand and given a red-carpet welcome upon his arrival at the Orly airport this afternoon. Hu is the second top Chinese leader to visit France in two years after Premier Zhao Zhiyang's trip here in June 1984. In 1983, Mitterrand also paid a five-day visit to China.

In the past five years, bilateral economic relations between France and China have developed rapidly, particularly in the fields of energy exploration, transportation and nuclear power plant construction. The total value of Sino-French trade in the first four months of this year reached 332 million U.S. dollars, 38 percent more than last year.

Hu said at the dinner that he is satisfied with the increased high-level dialogue and political consultations between China and France and the expansion of economic, cultural, scientific and technological cooperation. "We sincerely hope that Sino-French relations will continue to maintain the good trend of development and grow on the basis of long term stability," he said.

In his welcoming speech, Mitterrand said that France attaches particular importance to friendship and cooperation with China, "the two countries discover they have extensive similarities or convergent views on the order of world. All this has led to solid links and affirmed their will of understanding each other, listening to each other and working together."

He expressed confidence in the future of French-Chinese relations. He also praised the "decisive role the Chinese leaders are playing in the life of the present world."

Referring to the issue of disarmament, Mitterrand said France pursues an independent policy based on nuclear deterrence and is seeking the equilibrium of forces at the lowest level possible. France is determined not to disarm itself so long as others continue to accumulate weapons, he said.

The French president also called for international dialogue, and expressed his opposition to violence and interference in the internal affairs of other countries.

Before the dinner, Hu and his entourage, which includes Vice Premier Li Peng and Fei Xiaotong, vice chairman of the Chinese People's Political Consultative Conference, met with President of the French Senate Alain Poher.

Hu is currently on a 16-day European tour which has already taken him to Britain and Federal Germany. He will travel to Italy after completing French visit.

Expansion of Remarks by Hu

OW170220 Beijing XINHUA in English 0152 GMT 17 Jun 86

[Text] Paris, June 16 (XINHUA) -- Chinese party leader Hu Yaobang said here tonight that relations between the developing and developed countries should be based on the principle of equality and mutual benefit, complementary for each other and aimed at common prosperity through North-South dialogue and cooperation.

[Words indistinct] at a state dinner hosted by President Francois Mitterrand at the Elysee Palace.

"The world today is increasingly becoming an economically interdependent whole," he said. "Without the economic growth of the developing countries, the developed nations would be in a difficult position in respect of their raw material sources, markets as well as exits for their capital investment and it would not be easy for them to secure an enduring growth."

Hu said he admired the reasonable stand taken by some French friends on the issue of South-North cooperation. "It is my hope and conviction that France will make its own contributions to that end," he added. Hu, general secretary of the Central Committee of the Chinese Communist Party, said: "We are pleased to note that China and France share many similar or identical points of view on peace and development, the two most fundamental issues of the time." He listed the common points of view shared by the two countries as follows:

-- Both are determined to prevent the war from breaking out again not just in the rest of the century but also in the next century.

-- Both stand for East-West dialogue and against confrontation between them, for disarmament and against the arms race, for respect for other countries' sovereignty whilst against aggression and expansionist policies.

-- Both believe that it is the superpowers' duty to reduce their armament first and that they have no right to dictate to the rest of the world.

"Affairs in each country should be managed by its own people while world affairs should be managed by all countries together on the basis of equality," the general secretary said.

He said it is in the interests of world peace and development that France, as an economically well-developed, scientifically and technologically advanced major European country and as a permanent member of the United Nations Security Council, plays a significant part in the cause of maintaining world peace and promoting world economic development.

Further Remarks by Mitterrand

OW170648 Beijing XINHUA in English 0628 GMT 17 Jun 86

[Excerpts] Paris, June 16 (XINHUA) -- French President Francois Mitterrand today said that the current visit by General Secretary Hu Yaobang to France demonstrated the will of the Chinese leaders to open their country to the outside world including Europe.

Speaking at the dinner he hosted in honor of Hu Yaobang, general secretary of the Central Committee of the Chinese Communist Party, Mitterrand said he is confident in the future of France and China and their relations. He also praised the "decisive role the Chinese leaders are playing in the life of the present world."

He said Hu's presence at the dinner itself showed the excellent relations between France and China. Invited by Mitterrand, Hu arrived here this afternoon to pay a four-day visit to France. Mitterrand said that "the two countries discover they have extensive similarities or convergent views on the order of the world. All this has led to solid links and affirmed their will of understanding each other, listening to each other and working together." What brings the two nations together is neither the geographical location, nor cultural background and political system, but the will of the two countries to assume without aggressivity their place in the world, the French President said.

Mitterrand stressed that France attached particular importance to the friendship and cooperation with China. "In the sentiments we feel towards you lie not only the respect for one of the most ancient and briliant civilization but also the admiration for the efforts you have made in your country," he added.

The French president called for dialogue, and opposed violence and the interference in others' affairs. He said it is not impossible to make progress on disarmament and the development of the Third World. He said the regional conflicts are threatening peace. He held that France and China can make joint efforts to take into consideration the objective of peace fo tomorrow. He concluded that France attaches particular importance to the deepening of the cooperative relations with China and appraises China's efforts to overcome its own difficulties.

LIAOWANG ARTICLE ON TIES WITH WESTERN EUROPE

HK131447 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 23, 9 Jun 86 p 26

[Article by Bao Hua: "Relations Between China and Western Europe Are Developing Day by Day"]

[Text] In recent years, China's relations with Western Europe have undergone new developments, both in scope and quality. Not only are mutual political links strengthened, and economic ties closer, but cooperation and exchanges in the fields of science, technology, culture and education have achieved further progress.

Exchange visits between high level leaders of China and Western European states have increased. In 1985 alone, eight heads of governments and five foreign ministers from Western Europe visited China. On the other hand, Chinese leaders also repeatedly travelled to Western European countries. Following the visits of President Li Xiannian in 1984, Premier Zhao Ziyang in 1984 and 1985, General Secretary Hu Yaobang will visit Great Britian, the Federal Republic of Germany, France and Italy. This is the first official visit to Western European countries by the highest leader of the Chinese Communist Party. His visit will promote mutual understanding and propel the development of bilateral relations.

In recent years, China built close economic ties with Western Europe which has become not only an important source of advanced technology and equipment for China but also a major market for China's farm and livestock products, arts and crafts, textiles and mineral products. Last year, trade volume between the two totalled 9 billion dollars, an increase of almost 32 percent over that of the previous year and 7 times more that of 1970. At present, Western Europe ranks second to Japan as China's second largest trading partner (excluding Hong Kong and Macao). In 1985, trade relations between China and France were greatly developed with the conclusion of several important agreements and trade volume reached 830 million dollars. Prospects for trade development with Great Britain look good, with trade volume at 1.4 billion dollars. Trade with the Federal Republic of Germany continues to advance steadily with bilateral trade totalling 3 billion dollars, thus maintaining the FRG as China's number on Western European trading partner. Projects under negotiations with Italy have scored progress and with trade volume at 930 million dollars, Italy has remained China's third largest trading partner among Western European nations for the second straight year.

There has also been greater economic cooperation between China and Western Europe in recent years. The methods and forms of cooperation are more flexible and diversified and include trade subsidies, joint ventures, joint productions, employment services and other things. Both sides have begun cooperation in the areas of energy, aviation, shipbuilding, automobile manufacturing, light industry, and food processing. On matters involving the transfer of technology and financial cooperation, not a Western European countries has adopted friendly actions toward China. Last year, a number of foreign governments extended to China low interest loans or preferential credit terms. Meanwhile, the EEC and its member states continue to provide China with financial and technical assistance or grants.

Since the seventies, China has signed trade, economic and technical agreements with the majority of Western European countries. In recent years, a series of other accords were concluded. They included an agreement on trade and economic cooperation with the EEC and others concluded individually with some countries, such as accords on investment protection, on prevention of double taxation and on nuclear cooperation. The signing of these agreements ensure the further strengthening of economic and trade cooperation.

There has also been marked progress in cooperation between China and Western Europe in the fields of science and technology, culture and education. The scientific and technical cooperation launched by China and the EEC in 1981 proceeded smoothly. The fields of cooperation which began in energy now extend to agriculture, medicine, remote sensing, information, ferrous metallurgy, weather forecasting, biological projects, scientific-technical data and regulations, scientific-technical management and training of personnel. In October 1985, Nayers vice president of the EEC, led a delegation comprised of high-level officials and economic and scientific strategists to Beijing to attend a "symposium on the new technological revolution" jointly sponsored by China and the EEC. The forum was concluded successfully.

Cultural and artistic exchanges have also fluorished increasingly, with film festivals and all kinds of expositions held repeatedly while exchange visits of cultural and sports delegations also doubled. Last year, China held exhibits on archaeological finds from Qin tombs, treasures from the Forbidden Palace and cartoon books in some countries and regions of Western Europe. Photographs, classical and oil paintings as well as modern arts from Western European countries were similarly shown in China. China's Shaanxi Tang Dynasty School of Dance ensemble and Tienjin acrobatics troupe toured Europe, while the Royal Danish Ballet, Swedish mime actors, string quartet, and the Austrian Hayden quartet group performed in China.

In education, China and many West European countries have many exchange students and researchers. The EEC along with Great Britain, the Federal Republic of Germany, France, Belgium and Italy provided China with a definite number of scholarships. They also trained simultaneous interpreters as well as experts in statistics, customs, science and technology and management for China.

In recent years, there have been comparatively greater developments in the relations between provinces and cities of China and Western Europe, with the establishment of numerous sister provinces and cities. Cooperation in the fields of economics, trade, science and technology have also begun to make concrete strides.

There still exist great potential for the development of relations between China and Western Europe. While bilateral trade volume may have had substantial growth, relatively speaking, the amount is still small, representing only 15 percent of China's total foreign trade and not even 1 percent of Western Europe's. China has consistently had trade imbalances against Western Europe with deficits hitting 3.8 billion dollars last year. It is necessary to expand trade, in particular, for Western Europe to increase its imports from China in order to achieve a balance of trade. While heartening results have been made in economic and scientific cooperation, cultural and education exchanges between the two, are still at a preliminary stage, with the scope and extent in need of expansion. Not a few areas of possible cooperation remain untouched and require the positive efforts of both sides.

Relations between China and Western Europe have a firm foundation and the prospects for further development are excellent.

First, both China and Western Europe are forces for restraint of war and maintenance of peace. They have no basic conflict of interest politically, and share the same or similar views on major international problems. China supports Western Europe's unity for strength and praises its positives effort for easing East-West tensions as well as its more sensible stand for the settlement of North-South problems. On the other hand, Western Europe favors a strong and prosperous China and adopts a positive attitude in developing relations with her.

Economically, China and Western Europe have their respective advantages and could complement and supplment each other. Western Europe's advanced technology and abundant capital could play a role in China's modernization, while China's rich natural resources and huge market could similarly contribute to Western Europe's porsperity. The difference in the economic structures and levels of development of China and Western Europe determines that the two could be just excellent trading partners and not competitors. Bilateral cooperation is beneficial to both sides as well as to world economic development.

More importantly, both sides have urgent desires to develop ties. The present economic situation is also favorable for development. The active promotion of ties with Western European countries is an important part of China's foreign policy. On the other hand, based on its strategy for a multipolar balance of power, Western Europe would like to see a strong and stable China in the east.

Indeed, there exist favorable objective and subjective factors for the development of relations between China and Western Europe. The crucial issue is to take action, further strengthen mutual understanding, and adopt concrete, viable measures. It could be ascertained that with joint efforts, relations between China and Western Europe will be raised to a new level.

NETHERLANDS WELCOMES WARSAW PACT PROPOSALS

OW140703 Beijing XINHUA in English 0618 GMT 14 Jun 86

[Text] The Hague, June 13 (XINHUA) -- A Dutch Foreign Ministry spokesman said here today the Warsaw Pact's latest proposals for a joint NATO-Warsaw Pact reduction in conventional forces throughout Europe should be seen as "positive." The proposals for a 25 percent reduction in European forces by the early 1990s contain many elements that merit careful study, he said. The Netherlands will look at them closely, together with its allies, to consider the extent to which they can contribute to greater stability at lower armament levels, he pointed out.

He recalled that NATO foreign ministers called for "courageous steps" to reduce conventional armaments when they met in Halifax, Canada at the end of last month. The Warsaw Pact proposals could play an important role in the studies of a special working group of senior officials, who will report to NATO foreign ministers when they next meet in Brussels in December, he said.

FRG READY TO FORGE SISTER CITY TIES WITH GDR

OW170750 Beijing XINHUA in English 0654 GMT 17 Jun 86

[Text] Bonn, June 16 (XINHUA) -- More than 300 cities of the Federal Republic of Germany are wiling to establish sister city relations with entities in the German Democratic Republic, according to a local newspaper today. The paper "DER BAYERISCHE STAEDTETAG" said after Saarlouis in Federal Germany and Eisenhuettenstadt in Democratic Germany established sister city relations, about 60 cities have contacted the Federal Ministry of Intra-German Relations in the last four months to express interest in establishing ties with GDR's cities. Federal Germany's Erlangen and GDR's Jena are expected to set up relations soon. The paper said several border cities between the two countries recently had increased contacts and exchanges.

ZHAO ZIYANG CONDEMNS SOUTH AFRICA RACISM

OW161251 Beijing XINHUA Domestic Service in Chinese 1117 GMT 15 Jun 86

[Text] Beijing, 15 Jun (XINHUA) -- Premier Zhao Ziyang sent a message today to warmly greet the convocation of the "World Conference on Sanctions Against Racist South Africa." Full text of the message follows:

World Conference on Sanctions Against Racist South Africa

Paris

On behalf of the Government of the People's Republic of China and the Chinese people, I extend warm congratulations on the convocation of the World Conference on Sanctions Against Racist South Africa.

In recent years, the South African racist regime has intensified its efforts to enforce the apartheid policy. Of late, it has flagrantly declared a so-called nationwide state of emergency, brutally suppressing the South African people's struggle for racial equality and social justice. The South African authorities have also continued their illegal occupation of Namibia. Not long ago they even outrageously carried out armed raids against their neighbors, Zimbabwe, Botswana, Zambia, and Angola, wantonly encroaching upon the territorial integrity and sovereignty of these countries and trampling on the basic norms governing international relations.

The Chinese Government and people strongly condemn the South African authorities for this series of crimes they committed and will, as always, unswervingly support the South African people in their struggle against racism, the Namibian people in their struggle for national independence, and the various countries in southern Africa in the struggle for safeguarding their state sovereignty and security.

In the meantime, we support the reasonable proposition and just demand of the international community for applying sanctions against the South African authorities. The Chinese Government and people will unite closely with the African people and other peoples in the world, and continue to work with them in a joint endeavor to oppose racism, colonialism, imperialism, and all acts of aggression and expansion and defend human justice and world peace.

Wishing the conference complete success.

Zhao Ziyang, premier of the State Council of the People's Republic of China.

Beijing, 15 June 1986.

RENMIN RIBAO COMMENTARY ON 'SOWETO MASSACRE'

HK160340 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 16 Jun 86 p 6

[Commentator's article: "The Raging Fire of the South African People's Struggle Against Atrocities is Unquenchable -- In Commemoration of the 10th Anniversary of the 'Soweto Massacre'"]

[Text] The 10th anniversary of the "Soweto massacre" in South Africa falls on 16 June this year. To the people of South Africa, this is a day of great historical significance.

The struggle 10 years ago against atrocities showed the South African people's unyielding determination and strength to oppose racial oppression and strive for freedom and equality. It is still urging the South African people to launch a brave struggle and advance wave upon wave. It has become a brilliant chapter in the history of struggle of the people of South Africa and other parts of Africa against atrocities.

The struggle against atrocities which took place 10 years ago was started by black youths and students in Soweto, a town of the black people in South Africa. They opposed the South African authorities' decision that schools for blacks must use the Afrikaans language to teach lessons. They clearly declared that "this is not a language issue but one of system," pointing the spearhead of struggle at the South African racist education system. The South African authorities sent large groups of soldiers and policemen to put down the struggle, killing or wounding more than 1,000 innocent black people and perpetrating the world-shaking "Soweto massacre." The broad masses of infuriated black people continued to launch mammoth fights against atrocities throughout the country, making the South African authorities tremble. This brave struggle has greatly awakened the South African people and won extensive international support. What is more important is that the South African people have seen clearly that the people are powerful when they are united in struggle and that the racists are feeble although they look ferocious. Thus, they are more confident of victory and carry the struggle forward. Every year, the anniversary of the "Soweto massacre" has become a day of fighting in unity for the South African people.

The South African people's struggle has further progressed during the past decade. More and more people from various walks of life have joined in the struggle, which continues to grow in scale, and the intense fire of struggle is spreading all over the country. People of different occupations and trades have extensively set up anti-apartheid organizations and launched students' and workers' strikes and other mass movements, such as boycotting the goods of the white people, in an organized manner and under good leadership. The just struggle of the black people has won sympathy and support among many white people. Their struggle against atrocities has spread from the cities to the countryside. Even the people on the black homesteads have risen in rebellion. In some towns and on some black homesteads, people have set up their governments in enbryonic form. All this fully shows that the South African people's anti-apartheid struggle is persistently developing and deepening despite some setbacks, and the people are continuing to mature and have become an unconquerable force.

Not long ago, the African National Congress of South Africa called on the South African people to take the commemoration of the 10th anniversary of the "Soweto massacre" as "the start of an extensive mass struggle" and mobilized the South African people of all walks of life to unite more extensively in struggle. In an attempt to stem the waves of the South African people's struggle, the South African authorities had the impudence to impose "a nationwide state of emergency" on the eve of the 10th anniversary of the "Soweto massacre." Almost 1,000 people were arrested on the 1st day after the state of emergency was declared. The perverse actions of the South African authorities have aroused severe condemnation by the world community. The South African authorities wanted to put out the raging fire of the South African people's struggle by means of bayonets and handcuffs. They can never achieve their goal. They are lifting a rock only to drop it on their own feet.

Today's South Africa is neither in the era of the "Sharpeville incident," which took place during the sixties, nor in the age of the "Soweto massacre," which occurred in the seventies. History advances, and the people progress. The martyrs of Soweto did not shed their blood in vain.

While commemorating the 10th anniversary of the "Soweto massacre," the Chinese people extend their deep respect to the heroic South African people. It is our belief that the day will come when the racial regime will be completely overthrown and a new South Africa will be established on racial equality, justice, and freedom.

TRADE UNIONS HONOR SOUTH AFRICA'S BLACK WORKERS

OW141410 Beijing XINHUA in English 1351 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- The All-China Federation of Trade Unions today paid tribute to South Africa's black workers who will commemorate the 10th anniversary of the Soweto uprising on June 16. On behalf of 120 million Chinese workers, the federation's message conveyed support and respect to the Congress of South African Trade Unions, South African Congress of Trade Unions and the Azanian Coordination Center of Trade Unions for their struggles against apartheid.

The federation said the Soweto uprising ten years ago was a turning point in the anti-apartheid movement, and claimed that South Africa's latest state of emergency declaration is a vain hope to suppress the South African people. "It can only arouse ever stronger resistance of the South African people," the message said. "We are sure," the federation added, "adhering to united struggle and supported by workers and people, you will finally win the fight against apartheid and for racial equality."

YOUTH SUPPORT SOUTH AFRICAN PEOPLE'S STRUGGLE

OW131800 Beijing XINHUA in English 1541 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- China's three nationwide youth and students' organizations sent a message today to the youth department of the African National Congress of South Africa (ANCSA), expressing their support to their struggle against apartheid. "We, on behalf of China's 300 million youth and students, wish to convey our support and highest respect to you and through you to the South African youth and people standing at the forefront of the struggle against apartheid," said the message of the three organizations -- the Communist Youth League of China, All-China Youth Federation and All-China Student's Federation.

The message to the Lusaka-based ANCSA youth department was sent on the eve of the South African people's commemoration of the 10th anniversary of the Soweto uprising. On June 16, 1976, the Pretoria regime massacred about 70 black anti-apartheid demonstrators in Soweto, and killed more than 600 blacks in nationwide protests in the following year. This has been strongly condemned by the world public opinion.

The message said the Chinese youth will, as always, resolutely oppose and strongly condemn the apartheid policy of the South African authorities and support the just struggle of the South African people and youth against apartheid and racial discrimination and for basic human rights and social equality. "We Chinese youth will always side with the South African sisters and brothers in fighting racism and colonialism until final victory is won," said the message.

SINO-AFRICAN AMITY GROUP MARKS 1976 SOWETO RIOTS

OW151530 Beijing XINHUA in English 1519 GMT 15 Jun 86

[Text] Beijing, June 16 (XINHUA) -- The Sino-African Friendship Association today issued a declaration denouncing South Africa for re-imposing a state of emergency in the country and expressed firm support to the South African people in their anti-apartheid struggle.

In the declaration issued here on the 10th anniversary of the "Soweto massacre," the association said that 10 years ago today, black students in the black-concentrated Soweto district near Johannesburg took to the streets in protest against the racial discriminative education system. Their action, the declaration noted, met with cruel suppression from police, which resulted in more than 1,000 casualties and the arrest of more than 100 people.

Noting that Pretoria imposed again a "state of emergency" in the country and began tracking down and arresting leaders of anti-apartheid organizations four days ago, the association said that its aim is to stop the South African people from commemorating the "Soweto massacre." "We strongly protest against the South African authorities' new bloody suppression of black people, and firmly support the South African people in commemorating the massacre in whatever forms."

The association also appealed to the international community to exercise greater pressure including comprehensive and effective sanctions on Pretoria, the declaration concluded.

TIAN JIYUN MEETS ZIMBABWEAN ECONOMIC DELEGATION

OW131208 Beijing XINHUA in English 1032 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- Chinese Vice-Premier Tian Jiyun today congratulated the "fruitful" first session of the Sino-Zimbabwean Mixed Commission for Economic, Trade and Technological Cooperation held from June 9 to 13.

At a meeting with members of the Zimbabwean delegation led by Minister of Trade and Commerce Oliver Munyaradzi, Tian urged the two sides to expand cooperation in engineering technology and labor services. Munyaradzi replied that the mixed commission had a wide-ranging discussion during the first session here and its results will be seen at the next session.

ZHAO ZIYANG MEETS CENTRAL AFRICAN REPUBLIC ENVOY

OW161120 Beijing XINHUA in English 1004 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Premier Zhao Ziyang met Sohahong-Kombet, outgoing ambassador of Central African Republic to China, here today.

ZHAO ZIYANG MEETS OUTGOING IRANIAN AMBASSADOR

OW141200 Beijing XINHUA in English 1125 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- Chinese Premier Zhao Ziyang met here today Iranian Ambassador to China 'Ali Khorram who is leaving his post for home.

ZHAO ZIYANG RECEIVES DEFECTED TAIWAN PILOT

OW170413 Beijing XINHUA Domestic Service in Chinese 1335 GMT 16 Jun 86

[By reporter Zou Aiguo]

[Text] Beijing, 16 Jun (XINHUA) -- Zhao Ziyang, premier of the State Council, received Comrade Wang Xijue, deputy director and deputy chief pilot of the Beijing Regional Administration of the Civil Aviation Administration of China [CAAC], and his fifth younger brother, Wang Xishou, at the Ziguang Hall in Zhongnanhai this afternoon.

Wang Xijue, who flew a China Airlines Boeing 747 cargo plane to the mainland of the motherland on 3 May in order to settle down here, was recently appointed to the CAAC posts.

While receiving him, Premier Zhao briefed him on the domestic, political, and economic situation. He said to Wang Xijue: "You have been engaged in aviation for many years and have rich experience in this regard. You can make a big contribution to the motherland in civil aviation."

Wang Xijue said: "It has been my long-cherished desire to return to the mainland and participate in the construction of the motherland. During my visit and sightseeing in Beijing over the past month or so, I have seen beautiful rivers and mountains of the motherland as well as vigorously developing agriculture, industry, commerce, and other undertakings. I hope to do my work well in civil aviation."

Present at the receiption were Chen Junsheng, secretary general of the State Council; Hu Yizhou, CAAC director, Yan Zhixiang, CAAC deputy director; and Bai Zhijian, party committee secretary of the CAAC Beijing Regional Administration.

NPC STANDING COMMITTEE 16TH SESSION BEGINS

OW170455 Beijing XINHUA Domestic Service in Chinese 1308 GMT 16 Jun 86

[Text] Beijing, 16 Jun (XINHUA) -- The 16th Session of the 6th NPC Standing Committee opened at the Great Hall of the People this afternoon.

Chairman Peng Zhen presided over the session.

At the beginning of the session, Wang Hanbin, secretary general of the NPC Standing Committee, explained the session's draft agenda, which was later adopted by the NPC Standing Committee members. According to the agenda, the session will examine the draft PRC land law and the Draft amendment to the regulations government offenses against public order and penalties; hear an explanation of the draft PRC enterprise bankruptcy law and the draft regulations governing diplomatic privileges and Immunity; and examine these two drafts. The session will also hear reports on the state's 1985 final account, 1985 auditing work, and construction and development of China's nuclear power generation.

During the session this afternoon, Song Rufen and Shen Hong, vice chairmen of the NPC Law Committee, reported on the examination of the draft land law and the draft amendment to the regulations government offenses against public order and penalties. Song Rufen said: The Law Committee maintains that China has a large population but limited land, and treasuring and using its land rationally is one of the its basic national policies.

Today, the problem of recklessly seizing and using land is serious, and it is essential to draw up a law to solve the problem and strictly control land use. The committee has proposed certain ammendments to the draft, which is basically practicable. Shen Hong said: To strengthen control over public order, it is essential to amend the regulations governing offenses against public order and penalties, which were drawn up in 1957, in accordance with the new situation and new problems of today's public order. The committee has made certain amendments to the draft, which is basically practicable.

Premier Zhao Ziyang submitted two drafts to the NPC Standing Committee session for examination: The draft PRC enterprise bankruptcy law, and the draft PRC regulations governing diplomatic privileges and immunity. At the State Council's request, Zhang Yaning, vice minister of foreign affairs, explained these two drafts at the session.

Zhang Yanning said: To keep up with the requirements for enlivening the economy and opening to the outside world, it is imperative that the nation draw up a law governing enterprise bankruptcies. This law will provide the legal means to compel enterprises to improve their management and become genuine independent socialist producers and operators who are responsible for their own profits or losses; at the same time, it will provide the legal basis on which liabilities between China and other countries can be settled.

Qian Gichen said: Following the development of China's diplomatic work, the number of foreign diplomatic representative organs and personnel has increased, and direct contacts and exchanges between Chinese departments and local authorities and these organs have greatly increased. As such, the regulations are necessary so that Chinese departments and local authorities can correctly handle issues regarding diplomatic privilege and immunity.

Present at the session were Vice Chairmen of the NPC Standing Committee Chen Pixian, Geng Biao, Peng Chong, Wang Renzhong, Zhu Xuefan, Ngapo Ngawang Jigme, Banqen Erdini Goigyi Gyaincan, Seypidin Aizezi, Zhou Qucheng, Yan Jici, Rong Yiren, Ye Fei, Liao Hansheng, Huang Hua, and Chu Tunan.

AFP CORRESPONDENT VISITS BEIJING PRISON NO 1

HK160300 Hong Kong AFP in English 0141 GMT 16 Jun 86

[By Pierre-Antoine Donnet]

[Text] Beijing, June 16 (AFP) -- Thieves, rapists, murderers and political prisoners work side-by-side in Beijing Prison No 1, furiously turning out plastic sandals in a bid to meet production quotas.

The 900 inmates incarcerated in Beijing's model prison are participants in a program known as "reform through labor."

Young men, heads shaved, toil bent over out-dated machines for eight hours a day, six days a week, in the prison's noisy workshops. Only "bad elements" and the sick escape the mandatory work.

Their disciplined, and virtually free, labor earned Prison No 1 a net profit of 220,000 yuan (68,750 U.S. dollars) last year, Prison Director Xing Zhonghe told an AGENCE FRANCE-PRESSE correspondent that visited the facility recently.

All the prisons's earnings were given to the state, the 58-year-old warden said.

"The goal of the institution is to reform the majority of the inmates and turn them into citizens who will respect the law and prove useful in the construction of socialist China," Mr. Xing said.

"It is through work that the criminals here manage to discard their bourgeois ideas and the ideology of the exploitive classes," he added.

Prison No 1, like most Chinese penal institutions, is dedicated not only to reforming prisoners, but to economic development. It is run along the lines of a state enterprise, complete with production quotas.

Prison No 1 is a model facility among Chinese prisons and labor camps, where an estimated 20 million people are incarcerated, according to Western sources.

The workshops, hallways and sparsely-furnished cells are impeccably clean. The prison is equipped with a theater, a hospital, a library, and educational television channel and classrooms where illiterate inmates are taught to read.

Prison No 1, built in 1911, at the tail end of the Qing Dynasty (1644-1911), is surrounded by four-meter-high (13-foot-high) walls, an electrified barbed wire fence and is patrolled by 520 wardens. Escapes are rare. But there are ways for inmates to get out.

Since country-wide economic reforms were implemented in 1979, Chinese prisons have adopted the system introduced by China's top leader Deng Xiaoping whereby each person is compensated in proportion to his labor. Hard workers are rewarded with bonuses and prisoners can even have their sentences reduced.

"Last year, 250 prisoners had their sentences reduced and 300 were given the title of "model of reform through labor", Mr. Xing said. Prison authorities also encourage prisoners to turn informer, awarding inmates who denounce fellow cellmates with reduced sentences.

In each white-walled 12-inmate cell, the golden rules of the facility are posted. Among them: "Correct your attitude towards work and take part in activities that benefit production."

About 100 of the inmates are students. Thirty are listed as "counter-revolutionaries." Some are common criminals and others have been convicted of "economic crimes." Forty-four per cent are under 25, the youngest 17. Sentences range from a minimum of three years to a suspended death sentence.

Wang Ghuigui, an 18-year-old convicted of murder who had his death sentence suspended, has been in prison No 1 for only a short time. "The cadres take good care of us," he said nervously under the watchful eye of a prison warden. "I hope that reform through labor will allow me to be free one day."

Sources said that between 30,000 and 40,000 prisoners were incarcerated in Beijing's four "reform through labor" and three milder "re-education through labor" institutions.

Prison No 1 is one of the few facilities open to foreign visitors. Information is scarce about China's many labor camps located in the isolated and poorer regions of the country. Many inmates in these labor camps are reportedly confined there for the rest of their lives.

Those sentenced to more than seven years lose residence permits and must stay in these desolate areas as "free workers" -- a practical solution employed by the authorities to accelerate economic development in areas where no Chinese want to go.

Jean Pascalini, the son of French father and Chinese mother, is one of the few people to have emerged from a Chinese labor camp to tell his story. He spent seven years in labor camps, almost dying of hunger on several occasions, before being released in 1964.

In his book, "Prisoner of Mao," he wrote that Prison No 1 was "the best place in all of China for prisoners."

CHEN YONG INTERVIEWED ON HONGQI ARTICLE

HK161052 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1407 GMT 15 Jun 86

[Feature by unidentified ZHONGGUO XINWEN SHE reporter: "Interview With Chen Yong"]

[Text] Beijing, 15 June (ZHONGGUO XINWEN SHE) -- The moment I met Mr Chen Yong [7115 8673), the first impression he gave me was that he looked much younger and more energetic than a "67-year-old scholar Chen Yong" as I had imagined.

Noted for his research on Lu Xun and as a literary critic, this scholar recently published in HONGQI a long article criticizing Liu Zaifu's literary and artistic viewpoint. The article has attracted close attention by people at home and abroad.

The Ins and Outs of the Release of the Article

After being published, the article was viewed from different angles and became a topic of discussion. The strong repercussions caused have gone beyond the academic and literary circles. Chen Yong said: "I am not the first one who writes to criticize Liu Zaifu's literary and artistic viewpoint. The point is that my article is rather pointed in content and is carried by HONGQI, so that some people speculate on the background of the writing of the article.

He gave an account of how the article was written: "The HONGQI literary and art department asked me to write an article more than a year ago, and I promised to do so. The topic was not specified. In October last year, a meeting to discuss the methodology in the study of literature and art was held in Wuhan. I took part in the meeting and talked about my view on Liu Zaifu. I aired my view very briefly at the meeting. That was the starting point where I worked out the substance of my article which was carried by HONGQI. That also was why my article was entitled Questions of Methodology in the Study of Literature and Art. At present, some people at home and elsewhere disregard the substantial questions raised in my article and, instead, try to find out the nonexistent political background of the writing of my article. That is necessary."

Chen Yong had the impression that Liu Zaifu "worked very hard." He said: "The personal relations between us have always been excellent. The publication of the article has nothing to do with personal feelings."

Chen Yong went on: Here, I want to say a few words in fairness to HONGQI. It published my article entirely for the purpose of conducting contention among a hundred schools of thought in a normal way. Taking into consideration that many people at present still are not accustomed to normal criticism and counter-criticism it expressed the hope that my article would carry fewer words characteristic of a judgment and be less polemical in tone and would focus on analyzing the quesions, so that the readers would draw conclusions by themselves. In my opinion, HONGQI was solemn and purdent in its attitude.

Confrontation of Ideas Is Not Contradictory To a Relaxed Environment

The topic of our conversation shifted to the current situation of the contention among a hundred schools of thought in the academic circles. Chen Yong said: "The contention among a hundred schools of thought should be open to everyone. It is fair only when everyone is allowed to express his opinion."

He said: "Not all ideas of literature and art at present conform to Marxism. Some of them are even directed against Marxism. A communist has the duty to express his opinion on this phenomenon. My article may be viewed from different angles and is open to discussion. However, it is inadvisable to seize on some arguments and a few words in my article and accuse me of putting labels on others and using the big stick on others. A critical essay should reflect the realities of the person criticized and reveal the facts. If the person criticized is imbued with metaphysics, then metaphysics should be brought up for discussion because this is the way to tell the facts. This should not be considered as putting labels on others and using the big stick on others. Of course, one should be objective in analyzing a problem and should draw a conclusion through serious, concrete analysis. I think I at least made every subjective effort to do so when I criticized Liu Zaifu."

Chen Yong said: My article may have defects and include mistakes. I therefore welcome substantial counter-criticism.

Chen Yong said: There are contradictions between Marxism and non-Marxism, and some contradictions may even be very acute, so that contention and confrontation are inevitable. It has now been proposed that a relaxed, friendly and harmonious atmosphere be created. I am all for this proposal. However, a relaxed situation gradually emerges only in the course of holding contention and resolving contradictions, otherwise a relaxed, friendly and harmonious atmosphere can only be a wish.

He said: It is not advisable to set the demand for a relaxed, friendly and harmonious atmosphere against the contention and the confrontation of ideas, as if the emergence of criticism will shatter the relaxed, friendly and harmonious situation.

Firmly Believing That Marxism Will Eventually Be Accepted by the Majority of People

Chen Yong is a native of Nanhai county, Guangdong Province. He said jokingly: "My hometown is the birthplace of Kang Youwei, a royalist of the late Qing Dynasty." He spoke putonghua, the common spoken language, with a heavy Guangdong accent. After graduating from a junior teachers training college in Guangdong, Chen Yong went to Yuan to join in the revolution and was engaged in literary and artistic work for a long time. During the initial period after the founding of the PRC, he was a researcher of the Literature Institute. In 1957, he was wrongly classified as a rightist and transferred to work in northwest China until 1978 when he was sent back to Beijing where he served as leader of the cultural group of the policy research center of the Secretariat of the CPC Central Committee. He is now adviser to the policy research center.

He said: "I have learned from my personal experience that Mao Zedong Thought played a decisive role in the Chinese Revolution and Chinese Literature and art. As far as literature and art were concerned, the situation after the Yanan rectification campaign was greatly different from that before the campaign. The shaping of my thinking was inseparable from Mao Zedong Thought. While I was a victim of some of Mao Zedong's mistakes during his last years, people like me will have their feelings hurt if Mao Zedong's merits and achievements are totally negated."

In conclusion, this critic said: Marxism is now in an ebbtide in the international arena. It appears that Marxisms and other ideologies will go through a long course of coexistence. However, I firmly believe that Marxism will eventually be accepted by the majority of people because it reflects the objective laws.

RENMIN RIBAO URGES 'LOVING CARE' FOR REFORMERS

HK161420 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0806 GMT 16 Jun 86

[Text] Beijing, 16 Jun (ZHONGGUO XINWEN SHE) -- Of late, people of various circles in China have paid close attention to a number of reformers who "were dismissed" from their posts. In this connection, RENMIN RIBAO today published some news reports together with a commentator's article, calling for bringing up reformers with loving care and giving them help. A few days ago, the paper printed a news report regarding the dismissal of Song Beifang, director of the Zhengzhou city motor vehicle plant, from his post because he kept up reform; it also cited the case in a commentator's article and loudly appealed to the public to support reformers. Today, the paper once again frontpaged the news that Song Beifang had been reinstated in his former office and had resumed his power over direction of production and administrative management.

RENMIN RIBAO today also carried a dispatch reporting that the Fuzhou City CPC Committee proclaimed that all gratuitous investigations on enterprises which have achieved good results in reform should be stopped immediately, and that in order to protect the enthusiasm of cadres who are bold in carrying out reform but are framed and viciously slandered, all those who lodge a false accusation against reformers and harm them will be punished severely.

Although many reformers who "were dismissed" from their posts have resumed their posts, RENMIN RIBAO called attention to people that some reformers remain in an awkward predicament and controversies over them continue.

On its second page, RENMIN RIBAO today carried a newsletter entitled "a pending controversy," reporting the cause and effect of dimissing Xia Renfan, manager of the Shenyang City tram company. Xia was known as one of the 100 outstanding you entrepreneurs throughout the country. He carried out a series of reforms in the tram company just when the reform of the economic structure was launched in the urban areas. Therefore, he immediately attracted in the urban areas. Therefore, he immediately attacted the attention of various circles and was regarded as a "new star" emerging from Shenyang. He was invited to Beijing to take part in a national forum attended by 14 young activists in reform and was received and encouraged by Wan Li, Hu Qili and other leaders.

It is said that Xia Renfan was dismissed from his post because he "abused power for personal gains" and "lined his own pockets."

In this connection, RENMIN RIBAO today published its commentator's article. After quoting a statement by a CPC senior official as saying that "making mistakes is permissible in the execution of the reform, but not conducting reforms in impermissible," it pointed out that this is a principle that we should stick to in approaching reformers. The article criticized some responsible persons who excessively accommodate themselves to the cadres without regard for work and having no intention of carrying out reform, but regard those who are bold in carrying out reform but have some shortcomings as a thorn in their side.

The commentator's article noted that we should forgive people like Xia Renfan who gain some "profit" in the course of reform. We shold judge them objectively under specific conditions and help them with good intentions and should not attack them for a single fault without considering their other aspects, brand them with unwarranted labels, and exaggerate their mistakes.

In its commentator's article, RENMIN RIBAO once again called for "bringing up reformers with loving care and giving them help," noting that this is the necessity for further promoting the progress of our reform.

LIAOWANG COLUMN ON CONTEMPORARY MILITARY OUTLOOK

HK150636 Beijing LIAOWANG in Chinese No 22, 2 Jun 86 pp 46-47

["Modern Knowledge for Cadres" column by Wang Shouyun: "Unit 5, Military Outlook in a Larger-Sense -- Lecture 1, Modernization of the Army and the Development of Operational Theories"]

[Text] The 1980's are active years of Army building for major powers in the world.

The U.S. Army's "Air-ground unified action" campaign theory came into being at Fort Leavenworth, Kansas; namely, publication of the 1982 edition of the FM100-5 "Operational Manual," the experiment of the U.S. ground force's new tactics and new troop design conducted at Louisburg, Washington State (for instance, the 9th Infantry Division's high-tech motorized division experiment), formal issuance of the new 86-type heavy division establishment of the U.S. ground force in April 1985, and completion of the third major structural reorganization of the U.S. ground force since World War II to be completed in 1986. The year 1986 has witnessed publication of the 1986 edition of the FM100-5 "Operational Manual." The U.S. ground force is in the process of the large-scale equipment modernization since World War II, and most of the major equipment systems of the ground force will be replaced by a system of greater fighting effectiveness between the 1980's and 1990's.

At the turn of the 1980's, the Soviet Army's campaign theory developed from the "greater-in-depth campaign theory" to the "greater-in-depth 3-dimensional campaign theory," whih is demonstrated in the 1982 edition of the Soviet "Ground Force Operational Regulations" and the 1984 edition of "Tactics." The 27th CPSU National Congress proposed new strategic concepts based on which the Soviet Army is revising its war theory, and further reforming the Army structure, weaponry equipment, and military training.

The West European countries are in an important phase of Army modernization, and they have attached great importance to studying the development and application of new technologies and their effects on operational concepts, weaponry equipment, army structure, and military training. Their operational regulations, Army establishment, and military training are undergoing significant changes.

The 1985 enlarged session of the Central Military Commission realized the changes in the strategic concept of China's Army building. Under the ideological guidance of the new strategic ideas for Army building, the promotion and research of operational theories, weaponry equipment, Army structure, and military training have become the important tasks for the research in the development strategy for defense modernization during the new historical period. When science and technology today is so developed, such tasks can be under research with a scientific approach.

Weaponry equipment, operational regulations, army structure, and military training are the four major essentials in forming the military capabilities of an army. They should be developed harmoniously in a unified way under the guidance of operational theories. In studying the development strategy for weaponry equipment, it is primarily necessary to study the dialectical relations among these four major essentials. In the mutual relations of these four major essentials, operational regulations occupy a dominant place. Regarding the forces that push forward the continuous evolution of operational regulations, the development of technological renovation and enemy operational theories are the most important factors. What guides the long-term development of China's defense science and technology and weaponry equipment is none other than operational theories, which display the unified development of the four essentials.

The dialectical relations among the four major military powers in history.

On the eve of World War I, the French ground force made a mistake in its understanding of the potential of the new artillery technology. At a time when a new weapon was available for use, France failed to induce new operational regulations for it and stuck to the old regulations, which limited the new weapon. During World War I, the French Army went through the greatest difficulties to overcome its mistake in not realizing how to make use of a new weapon, and it was not until 1918 that a correct procedure and regulations were eventually implemented, enabling the maximum application of the artillery weapon.

The focus of Army structural design lies in combining the Army establishment and weaponry equipment in order to exercise new operational regulations, not to develop regulations to suit the old Army structure. A historical example can be found in the balance of strength between the French and German armies prior to World War II. The weaponry equipment of these two countries was on an equal level, and some military commentators believed that France slightly held the upper hand. However, the conversion of forces that could be used into a correct combined force was possible only with the presence of advantageous operational regulations; such a theory functioned only in the course of the German Army breaking the French defense. On the basis of its experiences in World War I as well as studying the army-building experiences of other countries, the German Army used models to field operation experiments at the beginning of the 1930's for developing operational regulations prior to weaponry equipment.

In 1941 when the German fascists imposed mechanized war on the Soviet Union, the Soviet Army was entirely unprepared. The Soviet Army had already seen the need to mechanize its forces in the operational manual of the 1920's and mid-1930's. However, many supporters of the new regulations were compelled to leave the army after the party purge in the 1930's. The mechanization operational regulations were in effect cast aside after the purge. Two mechanized corps were deployed when the Soviet Union launched its offensive at Poland; however, the mechanized troops were demobilized after the offensive campaign. It was only when the German Army displayed its potentialities in the mechanized war against the Soviet Union that the Soviet Army began to renew its efforts in mechanization. The greater in-depth campaign theory of the Soviet Army that later came into being was practically based on the regulations of the 1930's. Such operational concepts as large-scale, mobile, and consecutive operations were originally proposed in the 1930's; for instance, campaign mobile groups. It was only out of consideration for industrialization, ideology, and political problems that the Soviet Army gave up for the time being a concept for foresight.

When World War II began, the U.S. ground force lacked ready tactical air operational regulations. One of the reasons was the preference of the Army Air Force for strategic bombing, while neglecting tactical aviation. Seeking independence, the Army Air Force regarded strategic bombing as an independent mission, so it had only strategic bombing regulations. And those regulations actually served as a kind of command before the Army Air Force acquired the technical ability of applying the regulations. Nor did the ground force come to understand the potentialities of tactical aviation.

When the ground force itself was not quite clear about what it needed, it certainly would not propose the building of an offensive air force. So the United States had no feasible tactical aviation regulations when it entered World War II.

The "air-ground unified action theory" was converted into the operational regulations issued by the U.S. ground force in August 1982. These governed the establishment, equipment, and ways of training the U.S. ground force in the early 1980's. The new regulations need by supported by developing new weaponry equipment and improving the army structure and ways of training. Army building that serves the future must enable close and harmonious development of regulation, establishment, and equipment. In the years following 1982, the U.S. ground force division has been undergoing changes. The old tradition (such as historical experiences and lessons, tactical basis, army leadership procedure) is linked with new changes (for example, the establishment in evolution, and improving capability resulting from weaponry equipment), which proposes a better army structure more suitable to the new operational regulations. In the course of troop modernization, the emergence of such harmonious relations among regulations, establishment, and weaponry equipment was not unique in history. The 5-group structure of the division in the 1950's was actually the first major post-war reorganization of the U.S. Army structure. Since the late 1970's, the U.S. Army had begun to design the plan for the 86-type division establishment based on the 1976 edition of FM100-5 "Operational Manual." In due course, the operational theories underwent changes in revising the "Operational Manual" based on its 1976 edition, and the air-ground unified action campaign theory was developed. The 1982 edition of FM100-5 "Operational Manual" demonstrated such a new operational theory. The designing of the 86-type division structure was combined with the new operational theories. Now, the new FM100-5 "Operational Manual" represents the modernization efforts of the U.S. Army regulations, and it has begun the age of the U.S. Army in combining the capabilities of the Army structure and weaponry equipment to suit the new regulations. In revaluating the effects of such modernization efforts on the division's tactics, it is necessary to understand simultaneously the reinforced new weaponry equipment and the capability in applying the army structure. The cavalry unit and the mobile battalion in the 86-type division may serve to illustrate the relations among regulations, establishment, and weaponry equipment. Establishment of the cavalry unit is derived from the original armored cavalry structure, now transformed into a balanced structure of two cavalry units and two air cavalry units. The equipment of the new cavalry unit makes conspicuous the unit's functions in reconnaissance and monitoring; it is no longer equipped with tanks as a main force. Such changes in the combination of establishment with equipment may reduce fighting effectiveness; however, reconnaissance and monitoring capabilities are reinforced. This is because the entire operational concept of the ground force as well as the air-ground unified action depend on accurate and prompt information regarding enemy forces.

Operational theories decide operational regulations. Operational regulations govern the evolution of weaponry equipment, Army structure, and military training. And technology is the most active factor in pushing forward the development of operational theories. Engels said: "Once technical progress can be, and is, used for military purpose, it will promptly and almost compulsively lead to changes and even a revolution in the way of operation, often against the will of the commander."

Since World War II, nuclear weapons technology has been the science and technology exerting the greatest effort on military strategic theories, and the science and technology to produce the greatest effects will be the directional energy weapon technology.

Robert Jungk wrote in his book "Brighter Than a Thousand Suns": "If by the generals themselves, they would not be able to follow the 'quantum jumps' in the development of military technology despite their greatest efforts. Now they need scientists to stand side by side with them, who will help draw up plans and revise them with every new step made in the progress of technology. In the 1950's, in which the electronic computer, H-bomb, and guided missile marked the age, Von (Noyman) [nuoyiman 6179 0122 2581] served as a marked example of a new weapon inventor turning to strategy scientist. In the 1980's, the representatives of strategy scientists who have advanced the technology of directed energy weapon are (Taylor), (Fletcher), and (Jonas).

New technology is an important propelling force for the birth of the air-ground unified action operational theory. New technology has enabled greater mobility and firepower as well as strengthening the capability of command, control, monitoring, and the capture of target. Belonging to this category are such weapons as the M-1 tank and M-2 and M-3 armored vehicles, as well as advanced helicopters for offensive actions. The new sensors and long-range artillery weapon all affect the modes of operation. The air-ground unified action operational theory has included the capabilities of these new systems into the new operational concept. And the new operational concept has, in turn, proved the need of the comprehensive service for weaponry equipment serving the future. With the transfer of the new technology of "strategic defense" to regular warfare, the emergence of directional, mobile microwave weaponry of high energy, as well as the improvement of the capability of sensors, the new edition of "operational manual" will include them all in the Army structure, and they will promote the evolution of the 200 edition of the "Operational Manual."

The dialectical relations among weaponry equipment, operational regulations, Army structure, and military training is precisely the object of research in the engineering of the military system. Comrade Qian Xuesheng made a profound explanation in his speech "Military System Engineering" delivered to leading members of the headquarters organs at a study meeting on 14 July 1979.

RENMIN RIBAO URGES URBAN-RURAL COOPERATION

HK150656 Beijing RENMIN RIBAO in Chinese 11 Jun 86 p 1

[Commentator's article: "Urban-Rural Cooperation and Structural Reform Should Promote Each Other"]

[Text] The first level economic cooperation network -- namely the Beijing-Tianjin-Tangshan coordination zone -- enumerated in the Seventh 5-Year Plan has eliminated the barriers erected between the three areas and promoted urban-rural cooperation, thus enhancing the radiation of cities and accelerating the development of rural areas. Facts have proved that urban and rural cooperation and integration conform to the needs of the development of the socialist commodity economy.

Because the old system separated cities from countryside for a long time, the advantages of urban and rural areas were not brought into full play.

Sometimes their advantages were even offset by each other. Take the Beijing-Tianjin-Tangshan zone for example. The two large cities, Beijing and Tianjin, had technological and financial superiority, while the surrounding rural areas had abundant raw materials and energy for industrial production. As the three areas were separated from each other under the old system and the circulation system was characterized by "allocation" according to administrative regions, they manufacturered the same products and failed to give full play to the role of qualified personnel, capital, and natural resources. Only by restructuring the old system, integrating the urban and rural areas, and combining science and technology with the labor force can we revitalize both the urban and rural economies.

Structural reform promotes urban-rural cooperation and vice versa. At present, some comrades fear and are not used to the elimination of the old planning, financial, distribution, and circulation systems by urban-rural cooperation. Consequently, when there is a short supply of vegetables in urban areas, they are willing to subsidize the urban inhabitants and maintain the vegetable prices by every means rather than open the city gates to rural peasants. Some rural enterprises lack technology and their results are poor, though they have made huge investments. Yet, they are not willing to make use of their advantages in natural resources and manpower to help the advanced urban enterprises. The lack of courage of certain leading comrades in breaking with the old system is the main reason for the slow progress of urban-rural cooperation in certain localities.

It is a fine thing that urban-rural cooperation has exposed the defects in the current system and in the rules and regulations in force that hinder the progress of the productive forces. The change from the old to a new system is actually a process of laying bare the contradictions and resolving them. Instead of sticking to the old system, we should carry out reform vigorously, encourage urban-rural cooperation in policies, and protect the cooperation by law.

The principles and policies formulated at the 3d Plenary Session of the 11th CPC Central Committee for rural reform have created miracles in the rural economy. These policies are still producing a great impact. However, we should be aware that the contradiction between urban and rural reforms is becoming more evident with the development of the rural commodity production toward socialization and modernization. It has become the trend of the development of the socialist commodity production to reform the management, circulation, and pricing systems in urban areas; establish a unified socialist market for both urban and rural areas; and enhance the radiation and attraction of the cities. Only by making the best use of the situation to develop urban-rural cooperation can we eliminate the barriers erected between departments and regions, accelerate urban and rural reforms, and gradually solve the problems of irrational organizational structure and system within enterprises and the irrational production setup in the rural areas.

CENTRAL ORGANS' CIRCULAR ON COLLEGE ENROLLMENT

OW160833 Beijing XINHUA Domestic Service in Chinese 0815 GMT 13 Jun 86

[Text] Beijing, 13 Jun (XINHUA) -- The Discipline Inspection Commission of the CPC Central Committee and the State Education Commission recently issued a circular on further rectification of unhealthy trends in student enrollment by various types of institutions of higher learning.

The circular calls on all provincial, autonomous regional, and municipal student enrollment committees to set up discipline inspection teams to conscientiously investigate and deal with unhealthy trends in student enrollment, such as practicing favoritism, engaging in fraudulent practices, and "entering by the back door." Party discipline inspection departments at all levels should send personnel to participate directly in the investigation and handling of serious violations of law and discipline regarding student enrollment.

The circular says: Thanks to the close attention of party committees and governments at various levels and the conscientious implementation of party and government policies and the observance of law and discipline by student-enrollment personnel, the atmosphere in entrance examinations for institutions of higher learning has been basically good in recent years. Thus, student-enrollment personnel enjoy prestige among the people to a certain extent. It must be noted, however, that there are some unhealthy trends in certain localities and units concerning entrance examinations for institutions of higher learning. Because some localities are negligent of their duties in holding unified college entrance examinations, examinees often engage in fraudulent practices; in some individual localities, people even participate in such fraudulent practices in a planned, organized, and collective way. Cadres and teachers in some middle schools and physical examiners in some hospitals resort to deception in reporting on the evaluation of examinees' political ideology and moral character or on the results of their physical examinations. Some examinees' parents and some adult examinees give dinners or gifts in an attempt to accomplish their goal through pull. Some student-enrollment personnel attend such dinners and accept such gifts. Some localities and units decide without authorization to increase the scope and percentage of students admitted to institutions of higher learning through recommendation and without going through an entrance examination. Some colleges and universities try by hook or by crook to undermine others and attact students with studying abroad, travel and sightseeing, scholarships, and other inappropriate means. In the name of working for the well-being of their workers and staff members, some colleges and universities concoct various pretexts; they enroll students with lower grades whom other units ask them to train, or run "dependents classes," thus affecting the state enrollment plan.

The circular points out: Although unhealthy trends in student enrollment are found in individual cases, they hinder the normal progress of student enrollment, interfere with the reform of the enrollment system, corrupt cadres and young people, damage the image of the party among the masses of people, and corrupt party style and the standards of social conduct. If such unhealthy trends are allowed to spread unchecked, the quality of higher education can hardly be ensured and some effective and vigorous reform measures will be futile.

To rectify unhealthy trends in student enrollment by various types of institutions of higher learning, consolidate the achievements in the reform of the enrollment system, and select outstanding new students in a better way, the circular issued by the Central Discipline Inspection Commission and the State Education Commission hereby stipulates:

Students who apply for admission to accredited instructions of higher learning must take part in a unified entrance examination.

The institution must be strict and careful in organizing the examination. A student enrollment committee at a higher level should organize inspection teams to inspect discipline in the examination halls. It is necessary to investigate and deal seriously with those who reveal examination questions and those who practice fraud in the examination hall, to find out who are to blame for such fraud, and, according to the seriousness of their individual cases punish them according to party or government discipline or law.

The work in screening examinees' qualifications, evaluating their political ideology and moral character, and giving the physical examinations must be done seriously. Relevant units should report on examinees' actual conditions, and those who hide facts or resort to deception in their reports should be investigated for their responsibilities.

Students should be enrolled in strict accordance with relevant regulations laid down by the State Education Commission. All provincial, autonomous regional, and municipal student enrollment committees should set up discipline inspection teams to supervise and inspect the implementation of enrollment policy and the enforcement of discipline by personnel of their committees as well as by admissions personnel of various institutions of higher learning. Unhealthy trends, such as practicing favoritism and fraud and "entering by the back door," must be investigated.

Institutions of higher learning in various localities should conscientiously observe the enrollment regulations laid down by the State Education Commission. Fairly important reform measures must be reported to the State Education Commission for approval before putting them into practice. Enrollment plans of institutions of higher learning should not be changed in principle once they are examined and approved by the State Education Commission. Schools that are not included in enrollment plans must not enroll students without authorization.

It is necessary to carry out education in policy, party, and government discipline, and the legal system among large numbers of examinees, cadres, and members of the masses, especially cadres who are party members and student-enrollment personnel, in order to raise their consciousness in abiding by the law and discipline. Cadres who are exemplary in observing and upholding party discipline and state law should be commended; violations of the law and discipline and cases of practicing favoritism and fraud should be dealt with sternly; and cadres and members of the masses who expose unhealthy trends should be supported and protected.

POST, TELECOMMUNICATION ENTERPRISE GROUPS SET UP

HK170150 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0903 GMT 16 Jun 86

[Report by Jing Xiaoling: "China Sets Up Microwave Telecommunications and Nine Other Post and Telecommunication Enterprise Groups"]

[Text] Beijing, 16 Jun (ZHONGGUO XINWEN SHE) -- China's post and telecommunications departments have or will set up microwave telecommunications and nine other enterprise groups in order to develop lateral economic ties among enterprises and to increase market competitiveness.

Several enterprise groups, namely , microwave telecommunications, telephone exchange, pinboard [cha jie jian 2252 2234 0115], and television communications, have been officially set up.

The others, namely, optical fiber digital telecommunications, cable transmission, superhigh-frequency telecommunications, rural telephone communications, post and telecommunications machinery, and office automation, will be officially set up at the end of this month.

A person in the Ministry of Post and Telecommunications said today: The 10 enterprise groups have abundant technical forces and manufacturing capabilities. Since their formation, the microwave telecommunications and other enterprise groups have submitted 11 tenders for international telecommunications projects and won four of them.

The person said: The microwave telecommunications group grows out of the microwave telecommunications association consisting of about 10 enterprises. In recent years, the group's microwave telecommunications equipment output has ranked first in China, averaging over 90 percent of the domestic market. It has built more than 40,000 km of microwave circuits. Of this total, 15,000 km of microwave circuits are used by the post and telecommunications departments, 8,500 km by the water and electricity departments, 3,000 km by the petroleom departments, and 23,000 km by the radio and television departments.

Moreover, the group has undertaken to build or to supply equipment to 130-plus construction projects, which account for some 90 percent of the microwave construction projects built throughout the country in the same period. They include large telecommunications networks for the Daqing, North China, and Changqing oilfields, and the power control network from Shanghai to the Wuxi Jiang.

OFFICIAL DISCUSSES THREE GORGES PROJECT

HK170321 Beijing CHINA DAILY in English 17 Jun 86 p 1

[By staff reporter Xu Yuanchao]

[Text] Yichang, Hubei -- The State Council has set up a new office to study economic development and possible resettlement of populations in the Three Gorges area.

The group that had been in charge of preparing for a possible new Three Gorges Province has been disbanded, an official of the Three Gorges Development Corporation told CHINA DAILY.

The official, who asked not to be identified, disclosed that the decision was made after Premier Zhao Ziyang's recent inspection of the site of the proposed Three Gorges Dam at Sandouping near Yichang.

The new office will co-ordinate development plans and economic activities in areas of both Hubei and Sichuan provinces, and resettlement of people in the course of building a colossal flood control and hydropower dam on the Yangtze River.

According to the corporation, the first design calls for a dam 175 metres high and 2,339 metres long, with hydropower capacity of 13,000 megawatts. It would displace an estimated 330,000 people.

Whether China will begin construction of the dam in the current five-year period "is not known," the official said. "But preparations will probably begin in the later years of the plan."

In Bonn, where he is part of party General Secretary Hu Yaobang's visiting delegation, Vice-Premier Li Peng denied that China will contract the Three Gorges project to foreign companies.

During a meeting with Chinese Embassy staffs and Overseas Chinese, he commented, "It has been said that the project will be contracted to foreign companies. I can tell you, there will be no such a thing. But we will seek their technical advice."

The Gezhouba Hydropower Engineering Bureau (GHEB) had expected that construction of the Three Gorges Dam would start when the Gezhouba Dam at Yichang, about 40 kilometres downstream, is completed in 1988.

GHEB is utilizing 50,000 workers and technical personnel, about 20 percent of the entire engineering staff in the Ministry of Water Resources and Electric Power. It fixed assets are valued at about 600 million yuan.

He said that GHEB expects to construct a hydropower station at Geheyan, a 151-metre high dam on the first tributary of the Yangtze River, after the Three Gorges project.

The 1,200-megawatt station, about 30 kilometres from the Jingjiang embankment, will not only produce 3 billion kilowatt hours of electricity a year, but also reduce flood threats to the embankment.

CENTRAL DISCIPLINE COMMISSION HOLDS FORUM

OW170551 Beijing XINHUA Domestic Service in Chinese 0652 GMT 16 Jun 86

[Text] Jinan, 16 Jun (XINHUA) -- The Central Discipline Inspection Commission held a forum in Yantai, Shandong, from 10 to 16 June on discipline inspection work in the east China region and the central-south region. The participants included responsible persons of provincial, municipal, and autonomous regional discipline inspection commissions of the east China and the central-south regions, and responsible persons of party committees and discipline inspection organizations of the departments concerned in these regions. At the meeting, they exchanged information and experiences and discussed the current work in connection with efforts to improve party style.

The participants held: Since the Central Secretariat held the 8,000-strong meeting, remarkable achievements have been made in improving party style, and party style has indeed taken a turn for the better in the east China and the central-south regions. The principal responsible persons of many provinces, municipalities, and autonomous regions are personally taking part in the work to improve party style. Some have held special meertings of party committee standing committees to listen to briefings on major cases. They have cracked down on a number of major and important cases, educated party members in party spirit by citing typical examples, and corrected unhealthy practices in some trades and professions.

Han Tianshi, secretary of the Central Discipline Inspection Commission, addressed the closing meeting of the forum today.

He said that the situation in various localities shows that they have achieved remarkable results in improving party style and have basically created a new situation in which the whole party is mobilized to improve party style. He said: As the work of improving party style will remain arduous in the days to come, we should never slacken our efforts. We should adhere to a firm and lasting principle and work hard for 2 years to achieve a fundamental turn for the better in party style.

Han Tianshi emphasized: In order to achieve a fundamental turn for the better in party style, we should continue to investigate and deal with major and important cases. Leading cadres and leading organs at all levels should set good examples by paying attention to investigating and dealing with problems in their own organizations. While investigating economic cases, we should also pay attention to other cases. In particular, we should attach importance to investigating and handling cases of bureaucracy involving serious dereliction of duty and cases of serious violation of personnel discipline. He said: To correct unhealthy practices of some trades and professions will help improve party style. Efforts to correct such unhealthy practices, if made in conjunction with efforts to reform the economic structure and improve enterprise management, will effectively overcome bureaucracy and under-the-table relationships. Therefore, party committees and discipline inspection organizations at all levels should make great efforts to correct unhealthy practices in all trades and professions step by step according to plan and in consideration of the characteristics of these trades and professions.

Han Tianshi called on all local discipline inspection organizations and their cadres to seriously sum up practical experience; study the party's principles and policies, particularly the policies concerning economic reform; learn more from discipline inspection work; further enhance political understanding and working ability; and set good examples in improving party style.

HAO JIANXIU URGES MORE VARIETY IN TEXTILES

OW161315 Beijing XINHUA in English 1219 GMT 16 Jun 86

[Text] Wuhan, June 16 (XINHUA) -- China's textile industry has been urged to produce more and better-quality carpets, curtains and other household fabrics.

Senior Communist Party official Hao Jianxiu said during a trip to Shashi Garden City on the Yangtze River in Hubei Province that steady rises in living standards were boosting demand for such products.

A growing number of people wanted to decorate their homes with carpets, curtains, tablecloths and attractive bed linen.

Meanwhile, high-class hotels were having to import such items because of the shortage of them in China, said Hao, a member of both the Secretariat and Financial Bureau of the Communist Party Central Committee.

She called on textile factories to increase variety and produce more elegant household fabrics with distinctive Chinese designs.

NATIONAL FILM CONFERENCE CONCLUDES IN BEIJING

OW141454 Beijing XINHUA Domestic Service in Chinese 0114 GMT 13 Jun 86

[By reporter Li Derun]

[Excerpts] Beijing, 13 Jun (XINHUA) -- At the recently concluded national conference on feature films production, Ai Zhisheng, minister of radio, film, and television, stressed that the quality of intellectual products is especially important because they affect the masses over extended periods of time. The central task of movie departments now and in the future is to concentrate on improving the quality of films while stabilizing the number to be produced in order to use motion pictures more effectively in promoting socialist spiritual civilization.

This is the first national conference on the production of feature films convened by the Film Bureau following the merger of the film and television departments. Film workers and leadership from various studios and comrades of relevant departments, more than 100 in all, studied the guidelines of the relevant instructions from the central authorities, summed up experience, learned where they lagged behind, and earnestly practiced criticism and self-criticism in a unified and relaxed atmosphere. They also compared notes on further straightening out the guiding principles on creativity and making the film industry flourish.

Discussing the films their colleagues made, the representatives earnestly summed up last year's movie production situation. They unanimously held that notable achievements were made in 1985, but some problems were still prominent. They said that a number of movies acclaimed by the masses which reflected the times, eulogized the four modernizations, and depicted reforms and which were rather good both ideologically and artistically emerged in the past year, playing a positive role in promoting socialist spiritual civilization. At the same time, however, there were many shoddily made productions in poor taste and vulgar in content. The creativity ideology reflected needed correcting and the relations between social effects and economic benefits were not handled correctly. Many comrades pointed out that the purpose of art lies in its social effects. Film creativity and production must adhere to social effects as the supreme standard, uphold the orientation that art serves the people and socialism, and produce good economic benefits by paying special attention to social effects.

During the discussions, some comrades expressed their ardent expectations for movie reviewing. They held that movie critiques play an important role in straightening out guiding ideology and bringing about flourishing movie creativity. There has been some bias in the reviews in recent years. Some critics review movies on the basis of their individual artistic tastes instead of the party's principles and policies. Some critics only recognize productions of certain forms, styles, and patterns as "original" or "explorative," while refusing to recognize other forms, styles, and patterns; they are using a fixed criterion to judge the immense variety of art works. Some other critics ignore ideological content while elevating the "exploration" or "originality" of forms to an inappropriate extent. We must stress the unity between healthy ideological content and perfect artistic forms. It is hoped that movie critics will play an exemplary role in implementing the principle of art serving the people and socialism as well as the "double hundred" policy.

At the meeting, Ai Zhisheng, Ding Qiao, Shi Fangyu, and other leaders of relevant departments and artists had conversations as equals. They expressed their views about straightening out guiding principles governing creativity and improving movie quality.

CHEN MUHUA ADDRESSES BEIJING BANKING MEETING

OW140923 Beijing XINHUA Domestic Service in Chinese 1449 GMT 12 Jun 86

[By reporter Huang Wei]

[Excerpts] Beijing, 12 Jun (XINHUA) -- According to a meeting held this afternoon to discuss computerizing banking in Beijing, branches there have started to hook up their operations with computers, and during the next 5 years all banks in Beijing will be computerized to handle deposits and withdrawals.

Chen Muhua, state councillor and president of the People's Bank of China, attended and addressed today's meeting. She said: The development of economic reform has led to new requirements for banking service. As an economic regulator, our banks now play a more important role in raising capital and extending credit. However, our banking operation today is simply too backward. Since it is still manually operated, depositing or withdrawing money is time-consuming for the people. This is why our banks cannot efficiently absorb society's idle capital, why they are not well informed, and why their operation of allocating capital and extending credit has been affected. Such being the case, an urgent task of our banking reform is to reform and computerize the banking operation. It is therefore highly significant for Beijing to work with the telecommunications, power, and urban planning departments to install a computer network hookup to banking operations. This will set an example for other parts of the country.

During the next 5 years, Beijing's business banks will set up three large computer centers in the urban areas to connect all banking facilities in the city. All savings accounts will then be handled by computers. In remote suburbs, smaller computers will be installed in some localities to link up with the large computerized system in the city. While these small networks will handle their business independently, they can exchange information with the large centers directly. Furthermore, automatic terminals will be installed in major commercial districts to handle deposits and withdrawals; and automatic terminals will be installed in large department stores to transfer accounts, thus providing modernized banking service to the people in the capital.

The meeting today urged all relevant departments to work in close coordination with one another so that the project can be completed on schedule. Chen Xitong, Chen Yuan, Liu Hongru, Zhu Tiangu, and leading members of departments concerned attended today's meeting.

WORKER MONITORING OF COMMODITY PRICES URGED

OW151920 Beijing XINHUA Domestic Service in Chinese 0001 GMT 15 Jun 86

[Excerpts] Beijing, 15 Jun (XINHUA) -- The General Office of the CPC Central Committee and the General Office of the State Council recently distributed the "Report on Further Strengthening Price Monitoring by Workers" submitted by the All China Federation of Trade Unions and the State Commodity Prices Administration.

They also notified the party committees and people's governments at all levels and various departments concerned to pay full attention to and support the work done by workers in monitoring commodity prices in order to protect the just interests of consumers and smoothly reform the economic structure.

The report submitted by the All China Federation of Trade Unions and the State Commodity Prices Administration said: With gradual development of the economic structural reform in the cities in recent years, the work of price monitoring by workers has been strengthened with each passing day. As of the end of February this year, some 4,000 price monitoring stations (or groups) with over 28,000 price monitors have been set up in more than 260 cities in 22 provinces, autonomous regions, and municipalities directly under the central government. They have actively monitored commodity prices, continuously expanded their activities, explored new ways to arouse the masses to supervise and participate in managing the economic affairs of the state, and played an active role in helping the government stabilize commodity prices on the market, strike at the unhealthy trends of unruly price increases, and smoothly bring about price reform. Over the past few years, more than 500,000 violations of state laws and party discipline have been discovered and handled in various localities, and fines totalling more than 6 million yuan handed over to the state.

The "report" suggested that party committees and governments at all levels attach great importance to and strengthen the work of monitoring commodity prices by workers, educate the broad masses of cadres to realize the significance of doing such work, and consciously make full use of and give full play to the role of the masses in monitoring commodity prices in order to further develop such work.

The report pointed out that the departments of commodity price control, industrial and commercial administration, metrology, public security, and financial affairs, as well as trade unions, must closely coordinate with each other in vigorously supporting workers' monitoring of commodity prices. The departments concerned must earnestly study and handle the situation reported by those organizations set up for monitoring commodity prices and cherish their views.

CENTER TO AID JOINT VENTURES ESTABLISHED

OW150611 Beijing XINHUA in English 0554 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- The State Economic Commission has set up a foreign cooperation coordination center to help Sino-foreign joint ventures solve problems they have met, said Zhu Rongji, vice-minister of the State Economic Commission.

He assured representatives of Sino-foreign joint ventures at a five-day forum which ended here Sunday that with the support of the Chinese Government and concerted efforts by Chinese and foreign partners, the problems they have run into can be properly resolved.

While most of the more than 2,300 Sino-foreign joint ventures are profitable, he said, some have met with some troubles wuch as autonomy in operations, investment conditions, balance in foreign exchange payments and coordination in management.

He attributed the causes of the problems to China's inexperience, insufficient preparations, for the setting up of joint ventures, not giving enough consideration to balance of foreign exchange and the old management methods.

But as these joint ventures are pioneers, they have to bear some risks, he said. China is trustworthy and is trying everything it can to resolve these problems.

He told the forum that China's imbalance in foreign trade has been greatly improved thanks to the control measures adopted since last year and this will help expand both home and foreign markets for Sino-foreign joint ventures, which should also readjust their development strategy in light of the actual market trend in China.

He disclosed that China was working out implementation rules for the joint venture foreign exchange balance regulations promulgated in January this year and adopted further measures to help joint ventures to achieve foreign exchange balance, including mutual help between joint ventures and overall compensation in exports by joint ventures.

He hoped that foreign partners of joint ventures should also perform their duties in solving the problem in the balance of foreign exchange payments.

He promised to give full autonomy in the operations of the joint ventures, especially with regard to the use of personnel.

He called on all joint ventures to cooperate in resolving the problems so as to run the first batch of Sino-foreign joint ventures successfully.

The Sino-foreign joint venture forum was organized by the Chinese Industrial Economics Society and the industrial economics research institute of the Chinese Academy of Sciences. Participating in the forum were 12 representatives of foreign partners and 27 Chinese partners from 24 Sino-foreign joint ventures now in operation.

NATIONAL PUBLIC SECURITY MEETING ENDS 14 JUN

OW150821 Beijing XINHUA Domestic Service in Chinese 1110 GMT 14 Jun 86

[By reporters Yang Fubao and Zhou Lixian]

[Text] Tianjin, 14 Jun (XINHUA) -- A national meeting to discuss grass-roots political work on the public security front, which concluded today in Tianjin, pointed out: Public security organs at all levels should, by means of political work, give the broad masses of policemen an education in ideals and discipline so that they will foster a good work style and become defenders and builders of our socialist motherland.

At this meeting, which opened on 9 June, discussions focused on the question of strengthening and improving political work and building a spiritual civilization at the grassroots level. According to the opinions expressed at the meeting public security organs at various levels during the last 2 years have seriously carried out the principle of managing police work strictly and achieved gratifying results in strengthening grassroots political and ideological work. Thirty units in various localities won orders of collective merits, first class.

Some 3,300 units had the honor to win orders of merits, second or third class. In addition, 31 policemen were given the honorable title of first- or second-grade heroic models of the nation's public security front, while some 10,600 policemen were honorably awarded the orders of merits, first, second, or third class. Public security organs have remarkably improved their party style and their method of police work. The quality of policemen has also been raised to a certain extent.

Addressing the meeting today, Minister of Public Security Ruan Chongwu expressed the hope that all localities would pay attention to accumulating and summing up experience and strive to improve their work methods so as to make their ideological and political work not only down-to-earth but also lively and dynamical. He said: While doing a good job of ideological education, we should control the words and deeds of policemen by means of strict and reasonable regulations, rules, organizational measures, and discipline so that they will form a habit of observing discipline and abiding by the law. We should see to it that orders and prohibitions are strictly enforced. This is the only way to make the members of our police contingent act in concert and to give full play to their capabilities. He also urged public security departments in all localities to do everything possible to enhance the policemen's viewpoint based on the masses and educate them to forge close ties with the people and follow the mass line in doing their work so that the police-people relationship will be as close as flesh and blood, fish and water, and can be likened to milk well blended with water. They should be alert in making observations and investigations and keep to the current trend of public security work so that they will be able to take the initiative in doing this work.

YANG SHANGKUN, QIN JIWEI INSPECT HEBEI MILITIA

SK130754 Shijiazhuang HEBEI RIBAO in Chinese 1 Jun 86 p 1

[Text] On the morning of 31 May, Yang Shangkun, member of the Political Bureau of the CPC Central Committee and vice chairman of the PRC Central Military Commission, and Qin Jiwei, alternate member of the Political Bureau of the CPC Central Committee and commander of the Beijing Military District, who were accompanied by Comrades Xie Feng, Lu Chuanzan, Dong Zuelin, and Zhang Chao, inspected the militia training base in Shijiazhuang City and observed militia military maneuvers.

At 0900 this morning Comrades Yang Shangkun and Qin Jiwei arrived at the militia training base in Shijiazhuang City; viewed the room displaying militia achievements and honorary citations and medals, classrooms, and militia dormitories; and carefully inquired about the situation in training, production, livelihood, and in the task of becoming wealthy. They were heartily pleased with the work done in building training bases. Upon concluding the outstanding military maneuvers and demonstration presented by the militiamen, Comrade Yang Shangkun took the lead in giving applause. They said to the militiamen that we were very satisfied with the demonstration and maneuvers and with the outstanding fighting performance. They urged the militiamen to vigorously engage in study and to upgrade technical standards in order to better strengthen safeguarding and building the motherland.

Comrade Yang Shangkun and Qin Jiwei also heard a work briefing given to the provincial military district on the achievements scored in the work of party rectification, troop reorganization, the transfer of the People's Armed Forces departments from military units to local governments, and of building the two civilizations. They fully acknowledged these achievements and also gave directives for the tasks of achieving unity between the Army and the government and between the Army and the people and making a success of People's Armed Forces department work in the new historic period.

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JIANGSU FIGHTS DROUGHT, EXPECTS BUMPER HARVEST

OW141310 Beijing XINHUA in English 1130 GMT 14 Jun 86

[Text] Nanjing, June 14 (XINHUA) -- Jiangsu, China's major grain-producing province, is expecting a bumper summer harvest thanks to timely spending on measures to combat a recent drought, said a provincial official. Wheat harvesting has already started, and the yield is expected to be higher than last year.

Ling Qihong, vice-governor of the province, said a severe drought had hit 670,000 hectares of Jiangsu's summer crops, about a quarter of the province's total. However, local authorities had invested more than 500 million yuan in agriculture since the beginning of the year -- a 17.8 percent increase over the same period last year -- and this had helped to limit the effects of the drought.

Jiangsu is one of the many provinces that have put more investment in agriculture following calls from the central authorities.

Speaking at the National People's Congress earlier this year, Premier Zhao Ziyang described the continued flourishing of agriculture, the foundation of China's national economy, as "one of the important strategies in the country's modernization program." He drew attention to the fact that in some localities, arable land had been arbitrarily used for other purposes and some peasants have become less enthusiastic about grain production. The premier said that both the central and local governments should steadily increase material input for agricultural production. The local authorities, in particular, should aid the development of agriculture and other undertakings in the rural areas with large amounts of financial resources.

Jiangsu's agricultural output value was higher than any other part of China in the past two years, and despite a drop of 6.8 percent in grain output, it still produced 8.2 percent of the country's total grain harvest.,

Vice-Governor Ling said the production drop to 31 million tons last year resulted from less agricultural investment than in 1984, adverse weather and a reduction in the acreage planted with grain. "We have now become more aware of the importance of agricultural investment," he said. More investment in agriculture, he said, comes from the government, rural collective organizations and peasants themselves.

Jiangsu Province now planned to raise 400 to 500 million yuan as "agricultural development fund" -- from sources such as rural factories' profits, taxes paid by rural businesses run by individuals and bank loans -- in each of the next five years to invest in farming.

A recent session of the sixth provincial People's Congress of Jiangsu decided that agricultural capital construction investment from the provincial government should be boosted until it accounted for a quarter of all capital spending. This should be achieved in five years at the latest. Jiangsu's agricultural capital spending was only 13.6 percent of last year's total, said the vice-governor.

JIANGXI LEADERS MEET CPPCC INSPECTION GROUP

OW111031 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 10 Jun 86

[Text] According to our reporter Cheng Pu, leading comrades of the provincial CPC Committee, the provincial people's government, and the provincial CPPCC Committee, including Liu Fangren, Ni Xiance, Jiang Zhuping, and Wu Ping, held a forum yesterday afternoon in the Jiangxi Guesthouse with all comrades of a CPPCC national committee inspection group who had returned to Nanchang after conducting inspections in the old revolutionary base area of our province. The topic discussed at the forum was how to accelerate the construction of these areas.

Chen Yu, member of the Standing Committee of the CPPCC National Committee and head of the inspection group, said: Our inspection trip to the old revolutionary base areas covered some 2,000 kilometers. We inspected 12 cities and counties and more than 20 townships and visited 54 peasant families. We all feel the trip was worthwhile. It was very fruitful in that it increased our knowledge and understanding about those areas. We have come to understand the enthusiasm of the people in those areas for building socialism and their hardworking and enterprising spirit.

From the inspection we have been given to understand that the rural reform since the 3d Plenary Session of the 11th CPC Central Committee has accelerated economic development in the old revolutionary base areas. In some places where the people's average per capita income has reached a high rate, the increase is as high as over 100 percent. Even in those places where average per capita income is not so high, it has still risen more than 70 percent. Crop cultivation has developed relatively quickly. The work of exploiting mountain resources, harnessing rivers, and afforestation has been noticed by the organizations concerned at various levels.

In particular, since the work conference on old revolutionary base areas in Jiangxi Province was held last year, down-to-earth efforts have been made to grasp the work of assistance to the poor and economic construction in those areas, resulting in a fairly good situation. From what we have learned on this inspection trip, the situation this year will be better than in any previous year. When conducting the inspection, however, we noted the fact that the people in old revolutionary base areas are still very poor, and some problems concerning the construction of those areas exist.

As for the work of assisting the poor, although many counties have achieved good results by sending large numbers of cadres to the grass-roots level to help the poor, it is still necessary to stop merely assisting them in meeting material requirements while overlooking the need to devise ways and means for them to solve problems, provide them with necessary technologies, improve their service work in support of production, and raise their own capabilities to discard poverty and become self-sufficient. To help the poor, it is imperative to devise ways and means for poor households to escape poverty and turn the favorable condition of rich natural resources into a favorable condition for developing commodity production. This is the only way to do down-to-earth work and avoid perfunctoriness in helping the poor.

Constructive opinions and suggestions on crop cultivation, animal husbandry, transport, energy resources, development of the commodity economy, the flow of goods, diversified operations, village and town enterprises, and the education system in the old revolutionary base areas were made at the forum by Sun Zuobin, member of the CPPCC National Committee Standing Committee; Liu Huafeng, secretary of the party organs committee under the CPC Central Committee and deputy head of the inspection group; Song Demin, deputy secretary-general of the CPPCC National Committee and another deputy head of the inspection group; as well as (Shu Qiang), Li Yuan, and She Shiguang, members of the CPPCC National Committee.

At the forum, Ni Xiance said: Members of the inspection group have given many good suggestions on the work of the old revolutionary base areas in our province. Such suggestions are a great help to our government's work. We wish to thank them.

Li Fangren said: The inspection group has done thorough work and noted the problems accurately when conducting inspections in our province. Its suggestions are right to the point, and the measures proposed are good. This is conducive to improving our work. I welcome you to come again next year and to examine our work.

Also attending the forum were Vice Chairman of the Provincial CPPCC Committee Yang Yongfeng, Lu Xiaopeng, Shen Hanqing, Liu Jianhua, Lu Liang, Li Shanyuan, Wu Yongle, Wu Tiyu, Jin Liqiang, and Wu Yunzhong.

SHANGHAI BEGINS WORK ON MASSIVE GASWORKS PROJECTS

HK130216 Beijing CHINA DAILY in English 13 Jun 86 p 3

[Special to CHINA DAILY by Wu Xinhai]

[Text] Shanghai -- Most families in Shanghai will say goodbye to their coal cooking stoves after completion of one of the country's key construction projects, the Pudong Gasworks.

The gasworks, east of the Huangpu River, will be the biggest of their kind in China. The first section of the works are to be completed next year, at which time they will be able to produce one million cubic metres of gas per day, Cai Erhai, head of the preparation department of the project, said.

The gasworks were designed by Chinese experts and will use China-made equipment. More than 100 building's have already been erected on the 47-hectare site. A 200-kilometre network of pipes will deliver gas to homes, Cai said. "We are striving for partial production of gas by the end of this year," he added.

The first phase of the project is backed by an investment of 240 million yuan ($80 million) from national and local governments. Construction continues day and night. One building team completed the main framework of a gas furnace six months ahead of schedule, though construction was delayed four times for various reasons.

Work on the gas main under the Huangpu River has also started.

Though the Shanghai city area has used gas for 120 years, 800,000 families (one half the population) still rely on coal stoves for cooking, which partly explains the city's serious air pollution.

SHANGHAI: HONGQIAO DEVELOPMENT ZONE ACTIVITIES

OW091354 Beijing XINHUA in English 1345 GMT 9 Jun 86

["Shanghai Development Zone Gets First Joint Venture" -- XINHUA headline]

[Text] Shanghai, June 9 (XINHUA) -- Construction of a Shanghai-Hong Kong joint venture started last Saturday in the Hongqiao Development Zone, Shanghai, according to local officials. The construction marks the basic completion of infrastructure facilities for the new zone, which is being developed by a Shanghai Corporation, the Shanghai branch of the Bank of China and a Hong Kong-Macao corporation.

The Shanghai municipal government decided to build the zone in 1982 to attract foreign capital. The zone sits between the city proper and Hongqiao International Airport, covering 66 hectares. Since then, more than 500 homes and 20 factories have been moved out of the zone, while roads, water, gas and sewage pipes, and electricity and telecommunications lines have been installed. Foreign investors have already poured 200 million U.S. dollars into the new zone, local officials noted.

The joint venture under construction is the Yangtze Hotel, with a floor space of 50,000 square meters and covering 1.6 hectares. The 36-story hotel has 600 rooms, banquet halls, Chinese and Western restaurants, bars, cafes, a shopping center, swimming pools, gymnasiums and dance halls.

Other buildings to be started later this year include a Sino-Japanese five-star hotel, the Shanghai international trade center and an office building undertaken by a U.S. corporation. Local officials told XINHUA that 21 office buildings, apartment buildings and hotels, as well as 15 consulates will eventually be erected in the Hongqiao zone.

SHANGHAI SEEKS FOREIGN LOANS FOR CONSTRUCTION

OW120730 Beijing XINHUA in English 0628 GMT 12 Jun 86

[Text] Shanghai, June 12 (XINHUA) -- The city of Shanghai wants to borrow billions of U.S. dollars to pay for construction of civic and manufacturing facilities over the next five years, a local official said today. The official told XINHUA Shanghai would seek commercial and government loans, loans from the World Bank and revenue from new city banks.

Except for municipal bonds sold earlier this year in Japan, all of Shanghai's capital from abroad since at least 1980 has come in the form of investment by overseas businesses.

Whatever Shanghai can borrow over the next five years will be used to build such projects as thermal power stations, gas and water works, mass transit and highway facilities, mail and telecommunications offices and sewage plants, the official said.

According to the city's plans, other loans will help build factories producing export commodities or previously imported commodities for the domestic market.

So far, Shanghai has established 178 ventures with foreigners involving 1.3 billion U.S. dollars of foreign funds.

HENAN GOVERNOR INTERVIEWED ON RURAL REFORMS

HK130831 Beijing BAN YUE TAN in Chinese No 10, 25 May 86 pp 18-21

[Article by reporter Liu Yiqing: "Discussing Several Questions Concerning Rural Reforms -- an Interview With Henan Provincial Governor He Zhukang"]

[Text] The Seventh 5-Year Plan covers a crucial period in which China will be carrying out reform in the economic structure in an all-round way. How should we deal properly with the problems emerging in the execution of rural reforms in order to expedite them? This reporter interviewed He Zhukang, governor of Henan Province concerning this question.

He Zhukang, 54, is in his prime. Before he assumed the office of governor of Henan Province, he had engaged in planning and management work for a long time. Thus he had acquired the habit of analyzing problems in a comprehensive way. When the interview began, this reporter put it bluntly and said: Some people say that unhealthy tendencies have resulted from the current economic reform. May I have your views on the relationship between reform and rectification of the party's work style.

"Fundamentally speaking, rectification of the party's work style and reform are identical and the two have dialectical unity. Through rectification of the party's work style, we will be able to create a favorable environment for reform and ensure the healthy execution of the reform measures; and through reform, we will be able to bring about an improvement in party conduct." After saying this He Zhukang cited the following example.

Before initiating reform in the rural areas of Henan Province, every village and production group had an accountant. Some grass-roots cadres embezzled public funds to give lavish dinners and presents, and appropriated collective property, but accountants under these cadres could do nothing about them, and some of them even went along with them in their evil deeds. Earlier this year, Xiayi County reformed its financial and accounting system by calling in accountants from all villages and production groups and establishing accounting service companies in all townships. These companies work for various forms of economic associations and vast numbers of peasants. Xiayi County formerly had over 6,300 accountants. Every year it had to pay out more than 610,000 yuan to absentee accountants. However, with the establishment of accounting companies in all townships, the county selected 285 qualified accounts through a unified examination and the total payroll of these accountants was reduced to only 130,000 yuan. The reduction in the payroll of accountants has lightened the peasants' load.

From this, they realize that this is an advantage of reform. But they are happier to see that after the establishment of accounting service companies in townships, village cadres can no longer keep their hands on financial affairs, thus plugging loopholes in the financial system and checking the unhealthy tendencies of appropriating public money to give lavish dinners and presents. Since last year, Henan Province has adopted dozens of reform measures similar to the aforementioned one and these measures have played a positive and exemplary role in promoting rural reforms.

He Zhukang continued: Since reform is a new undertaking, it is unavoidable to make some errors. However most of these errors were exposed in the process of our work and they have nothing to do with unhealthy tendencies.

As a matter of fact, unhealthy tendencies have existed as a decadent ideology since long ago. They certainly find expression in various forms, no matter whether we carry our reform or not. To deal with this problem, we must rectify the party's work style and persist in reform. We have stressed time and again that we can hardly avoid errors in executing reforms, but we should not refuse them. We must make an overall analysis of problems cropping up in the course of reform and deal with different problems in different ways. It is absolutely wrong to wantonly link the errors committed in reform with unhealthy tendencies, and to make things difficult for reformists and attack them under the pretext of improving party conduct.

Meanwhile, we must develop democracy, strengthen the legal system, and make continuous efforts to improve all reform measures so as to carry the reform through to the end. Moreover, we must deal seriously with cases of seeking personal gain by taking advantage of power under the pretext of reform, and cases of violating the law and discipline.

Some specialized households which have attained prosperity before others, worry that the party's policy of enriching the people will change. This reporter asked Comrade He Zhukang to talk about the question of encouraging some poeple to attain prosperity before others and achieving common prosperity.

He Zhukang said: The relationship between the two matters is also of dialectical unity. Some peasants who become well-off ahead of others, by virtue of their hard work and wisdom, can exert favorable influence on other peasants. In particular, their technology experiences and spirit of blazing new trails point out a means of doing away with poverty and attaining prosperity for vast numbers of peasants and impelling the peasants around them toward becoming well-off together. When these peasants attain prosperity, they can, in turn, inspire those who have become rich ahead of others to seek a higher level of affluence. They will help each other move forward and continuously promote the development of productive forces. Thus more and more peasants will be able to attain prosperity.

After citing some typical examples of people becoming better-off ahead of others in the rural areas of Henan, he said that those who attain prosperity before others can play a positive role in expanding commodity production, improving technology in production and strengthening management. For example, in Minquan County, Zheng Wensheng, an experienced tree-planter, contracted a tree farm which was on the brink of bankruptcy, after he became well-off. He organized over 90 peasants around him, and families with financial difficulties, to run the tree farm. Resorting to his skills and experiences, he gained a new lease on life for the forestry center within a year. The incomes of these people have gone up, with a per capital income of 1,500 yuan as the minimum and 3,000 yuan as the maximum. The province has now witnessed a number of such specialized and individual households.

He Zhukang continued: Due to the long-standing influence of "leftist" policies and egalitarianist thinking, over the past few months, people in some places took a skeptical attitude toward individual and specialized households, alleging that what they had achieved were ill-gotten gains. Some cadres dared not support specialized households, but very few cadres contracted the "red eye" disease and extorted money from "specialized households." This exerted tremendous pressure upon specilized households and some of them were oppressed with doubts and misgivings.

Early this year, a specialized household came to the office of the provincial CPC Committee and asked: "Will the party's policies change?"

On hearing this, Secretary of the provincial CPC Committee Yang Xizong responded with a definite answer: "The party's policy of enriching the people has not changed and will not change. Peasants who attain prosperity through hard work should be supported and encouraged." The provincial CPC Committee took the matter seriously, calling on press circles provincial, party and government department press circles at various levels to further publicize the party's policies, strengthen political and ideological work, and support and encourage specialized and individual households and those who have become well-off ahead of others, to boldly develop production and work hard for their business.

Cadres at all levels must realize that specialized households who attain prosperity through hard work are pace-setters in rural reform and the development of the commodity economy. What they have earned through production should be protected by the law and they should be respected in society. No one is allowed to force them to "give assistance" and to "make donations," nor should one blackmail them either openly or in a disguised way.

Of late, some people have criticized the practice of implementing the central policies according to actual conditions in executing reforms as "countermeasures from the lower levels against the policies of the higher levels." With regard to this question, this reporter asked Comrade He Zhukang to expound his views.

He said: Ours is a unified socialist country. On major questions, we must implement the unified policies formulated by the central authorities and no one is allowed to act as he pleases. However, as our country is vast in territory, it is impossible that all the party's policies are actually concrete and fully suited to the actual conditions of all localities. Therefore, comrades working as local authorities should have a high sense of duty in the implementation of the unified policies and should adopt some concrete and realistic measures according to actual conditions to carry out the central policies and instructions from the higher authorities in a creative manner. As long as these measures benefit the state and the local authorities and help develop the productive forces, we should support them and should not criticize them as "countermeasures from the lower levels against the policies of the higher levels."

In early 1983, He Zhukang and some other leading cadres at the provincial level went to Wuzhi County to investigate and study. They were told by county cadres that after the emergence of individual and specialized households and village-run enterprises, taxation was still under the direct control of the county financial department. This hindered the task of fulfilling taxation and the development of commodity production. For this reason, it was imperative to establish financial departments at the township level. However, the move would involve reforming the county financial system and the central authorities did not prescribe any explicit instructions in this respect then.

Through discussions, the relevant leading cadres of the provincial CPC Committee believed that the central policies were based on the actual conditions of the grass-roots units. If there were no rules and regulations proclaimed by the central authorities for the time being, the local authorities might adopt some measures on a trial basis as long as they were in line with the guidelines of reform and the policy of opening up to the outside world, and reinvigorating the domestic economy. Hence, they selected Wuzhi County as a place to stage an experiment. After conducting tests, they found that tax revenue increased.

In addition, the measure sparked the enthusiasm of cadres at the township level in managing money matters, facilitated the development of commodity production and the economy in many townships, and strengthened the control over individual and specialized households and village-run enterprises. Consequently, the experiment extended to all the townships where conditions were ripe and yielded good results. Before long, the State Council also decided to establish financial departments at the township level.

He Zhukang also said: This made us further realize that in carrying out the party's principles and policies, we should proceed in everything from actual conditions and implement them in a creative manner and should by no means copy mechanically.

After correcting the malpractice of indiscriminately apportioning expenses last year, some places now dare not raise funds for reasonable purposes. With regard to this question, this reporter also asked Comrade He Zhukang to express his views.

He Zhukang said: The Henan provincial government issued a special circular, calling for an immediate end to the malpractice of apportioning improper expenses to lighten the peasants' load. But the circular clearly defined that collecting funds among the masses for reasonable purposes and voluntarily, was an effective measure to improve the financial condition and develop the economy in the current reform of the economic structure.

In recent years, he pointed out, Henan Province has raised a total of about 700 million yuan for running schools. Thanks to the amount of money raised, school facilities in many areas of the province have basically improved and students of Zhengzhou, Nanyang, Xinxiang and other cities and counties now have sufficient classrooms with desks and chairs.

He also said: We encourage efforts to raise funds for developing town enterprises, water conservancy, transport, electric power and other public welfare facilities under the principle of voluntariness, as long as conditions warrant. It is impossible for the state to develop all these under the present situation. Otherwise, our cause as a whole can hardly develop rapidly.

However, in collecting funds for developing public welfare facilities, two principles must be held. First, we must act according to our capability. According to what the peasants are capable of, we must develop what is badly needed and should not try to do what we cannot do. Even for some urgent projects, we should raise funds at a fixed amount and should not collect too much every time and exceed the peasants capabilities. Second, we must discuss issues with the masses. Any move to collect funds should be discussed by the people's congresses at or above the township level, and then a plan should be submitted to governments or standing committees of the people's congresses at the county (city) level for examination and approval. No units and individuals are allowed to apportion improper expenses.

JILIN: GAO DEZHAN ADDRESSES ECONOMIC CONFERENCE

SK010515 Changchun Jilin Provincial Service in Mandarin 0930 GMT 31 May 86

[Text] The 5-day provincial meeting on economic structural reform and economic work ended today in Changchun. Participants in the meeting conscientiously studied the guidelines of the pertinent meetings held by the State Council and the speeches by some central leading comrades; exchanged their experiences; discussed and studied some policies, measures, and methods for the current work; and made comprehensive arrangements for the economic structural reform and the economic work in line with the province's specific situation. The meeting participants maintained: The guiding ideology of this meeting is definite, its content is substantial, its demands are specific, and its policies are clear.

Governor Gao Dezhan delivered a summing-up speech. In his speech, Governor Gao pointed out: This meeting is conducive to deepening the province's urban economic structural reform, to promoting the sustained, stable, and coordinated development of the economy, and to fulfilling all tasks for this year. We should fully understand the importance of this meeting, conscientiously implement the guidelines of this meeting, and make new breakthroughs in ideology, measures, and efficiency. We should comprehensively implement the system of each assuming responsiblity for his own work, develop lateral economic cooperation, strengthen enterprise management, introduce various economic responsibility systems within enterprises and the department responsibility system, and strengthen ideological and political work. All departments should rapidly relay the guidelines of this meeting to the grass-roots units to enable the large number of cadres, workers, and staff members to have direct contact with the guidelines, to fully understand the guidelines, and to have a good grasp of the guidelines. We should use the guidelines of this meeting to unify the thinking and actions of cadres, workers, and staff members, and then mobilize initiative in all fields.

This meeting has put forward some new policies and stipulations to be coordinated with the other policies formulated since the beginning of this year. After this meeting, we should vigorously grasp the implementation of these new policies and stipulations. Through their implementation, we should mainly see whether or not our measures are effective and our results remarkable.

With regard to the development of lateral economic cooperation, the upgrading of enterprise management, and the implementation of variuos economic responsiblity systems within enterprises, Governor Gao emphatically pointed out: By the end of June, all pertinent departments at the provincial level should introduce the department work target responsibility system including the responsibility system on the chain work between different departments. Various cities and counties may implement such systems in light of the provincial departments' methods and their specific situations. This work should be conducted in a planned manner, with examinations and appraisals. In implementing these systems we should fully embody the spirit of leadership means service in order to gradually perfect these systems through practice.

Governor Gao pointed out in conclusion: We should firmly and unswervingly implement the system of designating factory directors to undertake responsibility; should give full play to the role of enterprise managers, the role of large and medium-sized key enterprises, and the exemplary role of typical enterprises; and should make progress and create new situations in this regard. At the same time, all localities should closely combine the relay of this meeting's guidelines with the grasping of the current work, give priority to solving the conspicuous problems of various enterprises, and promote the various items of the current work with the down-to-earth implementation of this meeting's guidelines. We must fulfill more than one-half of the annual target for this work by midyear.

During the meeting, Comrade Gao Di, secretary of the provincial CPC Committee, attended the session to listen to the reports by leading comrades of various cities, prefectures, and prefectures who participated in the meeting, and delivered an important speech.

The meeting also named 41 six-good enterprises, and held a session on the sale of motor vehicles.

JILIN CONFERENCE ON RURAL PARTY RECTIFICATION

SK150535 Changchun Jilin Provincial Service in Mandarin 0930 GMT 14 Jun 86

[Text] The Jilin Provincial CPC Committee held a provincial party rectification work conference in Changchun today. The conference relayed the guidelines of the party rectification forum attended by the CPC Committee secretaries of the 11 provinces and municipalities in north China and held by the Central Party Rectification Guidance Committee, made arrangements for rural party rectification in the province, and studied ways to further consolidate and develop the achievements in party rectification of the units at and above the county level.

Wang Xianjin, deputy secretary of the provincial CPC Committee, spoke at the conference. Speaking on the party rectification of the rural grass-roots units, Comrade Wang Xianjin said: When taken as a whole, town and township party rectification in our province has been developed soundly, and the results are also fairly good. The important task we now encounter is to concentrate efforts on the preparations for the village-level party rectification while accomplishing the town and township party rectification tasks successfully from beginning to end. Village-level party rectification should be started in an all-round manner in the coming winter and spring. Ours is a predominantly agricultural province, where 30 percent of the party members are peasants. Therefore, successful village-level party rectification is very important to making the rural reform more successful, developing the excellent rural situation, and facilitating the various types of work of the province. In carrying out the village-level party rectification, we should solve the following major problems: First, we should solve the problem of party-member cadres who abuse power for selfish gains and violate law and discipline to a serious extent. Second, we should conscientiously solve the problems in the understanding of rural reform and the party's principles and policies. Third, we should solve the problems of some party members who fail to play an exemplary role, and of some village party branches that are slack and lax in doing their work and that lack combat strength.

Comrade Wang Xianjin emphasized in his speech: In carrying out rural party rectification, it is necessary to adhere to the principle of promoting and ensuring reform and economic development, and resolutely implement the party's rural policies. All the work related to party rectification should help to promote a broader and deeper rural reform, to further improve the rural productive forces, to further enliven the rural economy, and to further develop the peasants' production initiative. This is the criterion deciding whether the party rectification is carried out successfully.

Speaking on consolidating and developing the party rectification achievements, Comrade Wang Xianjin pointed out: Our province's party rectification work has indeed been fruitful, and the achievements are fairly notable. However, a great amount of work remains to be done. The units which have already carried out party rectification should pay attention to guarding against combat fatigue and the idea of getting things done once and for all, and should conscientiously consolidate and develop the party rectification achievements.

At present and for some time to come, we should make unremitting efforts to conduct the education on party spirit in order to raise party members' political awareness. We should also establish and improve necessary systems to maintain the normalization of party building. We should thoroughly correct unhealthy trends, in particular the practice of abusing the authority of one's trade for selfish gains, and those prevailing in cadre work; step up the investigation and handling of major and serious cases; strengthen ideological and political work; and build the spiritual civilization. We should intensify the training of party-member cadres in order to continuously raise their theoretical level and professional competence. We should continue to pay attention to verifying and investigating the three types of persons.

JILIN SECRETARY ATTENDS HUNDRED FLOWERS FORUM

SK140700 Changchun Jilin Provincial Service in Mandarin 0930 GMT 13 Jun 86

[Excerpts] On 12 June, the Propaganda Department of the provincial CPC Committee, the provincial Institute of Social Sciences, the provincial Federation of Social Sciences, the provincial Federation of Literary and Art Circles, the Jilin branch of Chinese Writers' Association, and the provincial [words indistinct] jointly held a forum to mark the 30th anniversary of the issuance of the policy of letting a hundred flowers bloom and the policy of letting a hundred schools of though contend.

More than 10 comrades, including Guan Mengjue, (Hu Shaofu), Zhang Fengyu, (Jia Xijin), (Yang Gongji), (Yu Yanfu), and (Zheng Derong), made speeches at the forum. They respectively set forth opinions and suggestions on further implementing the 'double hundred' policy.

In his speech, Wang Zhongyu, deputy secretary of the provincial CPC Committee, said: In the course of reform, the relations between different sectors of the economy have been readjusted and changes have taken place in both economic and social life. Under the current economic situation in which both the old and new economic systems exist at the same time and the old is being replaced by the new in a step-by-step manner, many contradictions and loopholes in the economic field have been created, and the situation has set forth many new tasks in need of exploration and study by the comrades on te ideological, cultural, and theorectical fronts. Thus, we must bravely explore, create achievements, and pioneer the road of advance. In order to achieve this, we must implement the 'double hundred' policy and advocate the free exchange of different academic views, free exchanges between different schools of thought, and the free development of different artistic styles and different artistic forms. Never should we allow to be repeated such historical lessons as attaching labels on others, arbitrarily beating others with big sticks, regarding academic and ideological questions as political problems, or taking organizational measures for solving problems.

Gao Di, secretary of the provincial CPC Committee, met with the participants in the forum and held talks with them. He stated that the provincial CPC Committee will make efforts to implement the 'double hundred' policy to enliven and develop socialist ideology, theory, culture, and art; and to create a free, harmonious, and democratic environment and atmosphere for academic and theoretical study.

PROGRESS OF FORMING POLITICAL PARTIES IN TAIWAN EXAMINED

HK130650 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 23, 9 Jun 86 pp 24, 25

[Article by Xiao Luntian: "Non-KMT Personages in Taiwan Step Up Their Work of Organizing Political Parties"]

[Text] Since 1949, the KMT authorities have taken a very stern attitude toward political groups organized by non-KMT personages, stressing that these political groups must be banned.

Over the past few years, non-KMTS personages in Taiwan have persisted in organizing political groups, and this has challenged the KMT's policy of "banning political parties." In 1984, non-KMT personages who were "public opinion representatives" formed the "Non-Party Public Policy Research Association," but the authorities did not approve its registration. Last year, when the "Non-Party Backup Association" gained a seat in an election, the "Non-Party Public Policy Research Association" tried to set up branch associations to increase its influence. It also attempted to make itself the main force outside the KMT by forming a "political party."

Early this year, the "Non-Party Public Policy Research Association" applied for the establishment of its branch associations in Pingtung County, Kaoshiung City, Taichung City, Taoyuen County, Taipei County, Taipei City, and Yilan County. Feeling ill at ease, the KMT authorities sent people to persuade the association and, on the other hand, asserted that if the association set up its branch associations, the authorities would ban them. But the association did not budge an inch. You Ching, chairman of the board of the association, said: The KMT can use its power to suppress activities outside the party, like the strong bullying the weak, but this will bring a "serious obstacle" to the "whole of politics." The association will openly declare that the establishment of its branch associations is a step toward organizing a political party. If the KMT bans its branch associations, it will formally establish a political party.

After the Kaohsiung incident, the influence of the non-KMT personages in Taiwan was restored. At an "election of local government functionaries" in November last year, non-KMT personages obtained support from 30 percent of the voters, and the vote for the successful non-KMT candidates was quite heavy. This "indicates that a fixed number of voters outside the party firmly support non-KMT personages." Therefore, non-KMT personages have more confidence in organizing political parties. Since non-KMT personages gained support in the "local election," they have had a stronger demand for abolishing the "prohibition against the establishment of political parties."

After the election, some non-KMT personages went to the United States to seek support from memers of the U.S. Congress. A press report said: "The bill proposed by Representative Solarz in 1985 includes demanding that Taiwan strengthen democratization, relax its prohibition against the formation of political parties, and abolish its martial law." During his visit to Taiwan in April this year, Torricelli member of the U.S. House of Representatives Subcommittee on Asian and Pacific Affairs remarked: "Now there is a prominent force in Taiwan demanding democratization, and efforts should be made to speed up the growth of this force for the sake of the ruling party."

While visiting Taiwan during the same period, U.S. Congressman [ke lan si dun 0344 5695 2448 7319] said that Reagan had recently pointed out: "The United States may possibly change its foreign policy. We will decide our attitude toward a local government according to the status of the human rights there, regardless of whether the totalitarian government is composed of left-wingers or right-wingers." U.S. attitude has produced a great impact on the activities of non-KMT personages in Taiwan.

In the past, some non-KMT personages in Taiwan said: "Although the KMT has its organization, it does not have the masses; although there are masses outside the party, they do not have an organization." Other non-KMT personages remarked that there should be an opposition party in a society with democratic politics and that without an opposition party, there would be no democratic politics. Since last year, major matters have taken place on Taiwan island, and they have impacted on the ruling KMT in varying degrees. Some non-KMT personages now maintain that as the KMT "isd in a weak position of political control," it is time that it allowed the establishment of other political parties. In particular, what haappened in the Philippines early this year has encouraged non-KMT personages. Kang Ning-hsiang, a famous non-KMT personage, went to the Philippines to make a survey. Many non-KMT personages wrote articles praising the democratic movement in the Philippines and pointing out: "Taiwan should use the Philippines as a mirror to examine its elections and political development." "Under power politics, an opposition party does not have a perfect organization to work out its policy. This is quite abnormal." "As a result of Marcos' power politics, the balance of democratic forces was undermined, mistakes in policy surfaced, and politics and the economy were corrupt. A ruling party should carefully consider this."

In view of all the factors we have mentioned above, the non-KMT personages in Taiwan have mended their pace in forming parties. While the "Non-KMT Public Policy Research Association" in Taiwan was applying to set up local branches throughout the island, some non-KMT Taiwanese personages in the United States took the lead in taking real action. Tsu Hsin-liang, former magistrate of Taoyuan County; Hsieh Min-tsung, a former political prisoner from Taiwan; and Lin Shui-chuan, former Taipei City councilor, jointly announced at the New York United Nations Plaza Hotel on 1 May. A 'Taiwan Democratic Party Founding Committee: formed by 113 non-KMT Taiwanese residing in the United States has been set up. They also issued a statement declaring that the "Taiwan Democratic Party " would be a "party to break through the ban on forming new parties"; the party founding process would be completed and its membership would reach 5,000 by August; and its headquarters would be moved back to Taiwan by November this year before the general election was scheduled to be held. The three figures also sent a telegraph to non-KMT personages in Taiwan, urging them to take concerted action. They promised that if the KMT government lifted the ban on forming parties and thus enabled the non-KMT forces to form an opposition party in Taiwan before the "Taiwan Democratic Party" would be a "party to break through the ban on forming new parties"; the party founding process would be completed and its membership would reach 5,000 by August; and its headquarters would be moved back to Taiwan by November this year before the general election was scheduled to be held. The three figures also sent a telegraph to non-KMT personages in Taiwan, urging them to take concerted action. They promised that if the KMT government lifted the ban on forming parties and thus enabled the non-KMT forces to form an opposition party in Taiwan before the "Taiwan Democratic Party" moved its headquarters back to the island, the latter would be automatically downgraded to an overseas branch of that opposition party. To this offer the non-KMT personages in Taiwan have had different reactions. Chairman of the Council of the "Non-Party Policy Research Association," Yu Ching, said: "Forming a new party is basically a task which is supposed to be done at home. The founding of a party abroad is a stimulus to us at home. It shows the common will of our compatriots abroad in promoting democratic politics. I would like to tell our compatriots abroad that we have already been doing what they are expecting us to do.

According to reports from Taiwan, the deadlock regarding the party-forming issue and the confrontation resulting therefrom, between the ruling party and the opposition political factions, have caused deep misgivings among the vast number of people who are concerned about the political situation and future of Taiwan. If the KMT persists in its high-handed policy against non-KMT forces, it will inevitably arouse strong resistance from the latter and the public, and the situation on the island will become more complicated and turbulent. In a piteous tone; MINCHUNG JIHPAO [PUBLIC DAILY] said in an editorial: "The ideal of politics is to find out the highest common factor between the majority and the minority through mutual accommodation and compromise. Our country and society need solid unity and genuine harmony. In order to achieve this goal, both the ruling party and the opposition forces should not stubbornly adhere to their own opinions but seek mutual understanding and mutual accommodation."

For the moment, all indications show that the KMT will make a concession to the non-KMT forces and will try to solve the problem step by step through "communication with all social circles" with a view toward alleviating the sharp confrontation between the ruling party and the opposition. Some news media in Taiwan believe that this is an encouraging beginning and a "pioneering undertaking of historic significance to the political development" on the island over the past 30-odd years.

Taiwan is still facing many knotty political issues at present. And the communication between the ruling party and the opposition factions depends on the degree of sincerity shown by the two sides. The KMT and all the non-KMT political forces have yet to make concerted efforts to bring about a relaxed political situation and thus, real political "harmony" in Taiwan.

YUAN CLAIMS FORMING POLITICAL PARTIES NOW INAPPROPRIATE

OW170606 Taipei CNA in English 0243 GMT 17 Jun 86

[Text] Taipei, June 16 (CNA) -- The Executive Yuan restated Monday that, reviewing the current national situation, it is not appropriate to allow organization of new political parties in the country. This is the most appropriate decision the executive body said after full deliberation. The answer came in a written reply to a joint interpellation by several legislators, including Chiang Peng-chien.

Too many political parties will lead to friction and affect the unity of citizens. Such disadvantageous development would immediately cause direct and obvious hazards to the nation and society, the Yuan noted. To set up a sound foundation for long-term national development, the government has strived to attain the basic national goals in promoting political harmony, maintaining social tranquility, protecting public welfare and raising the quality of life, the Yuan pointed out. The government has never changed its policy in implementing constitutonal democracy. Any acts which are destructive enough to national unity and harmony and even to national security and the public interest are not permitted by the law as thery are totally against the aspirations of the people, the Yuan stated.

To those civic organizations registered legally with the authorities, the government will continue to give full support. The government will also assist those civic organizations for their function as a communications bridge between the government and the people, the Yuan stated. The executive body assured that the rights people here have to participate in political activities various available channels, does not depend upon their affiliations with one party or another. The Yuan attributed the present national development to the joint dedication of the government and the people. To boost national strength for a final vitory in the anti-communist fight, it called for continued full support by and solidarity among the people.

CONTROL YUAN MEMBERS CRITICIZE HANDLING OF CAL

HK170650 Hong Kong AFP in English 0638 GMT 17 Jun 86

[Excerpt] Taipei, June 17 (AFP) -- Two opposition members of Taiwan's top watchdog body have accused the government of failing to properly supervise the national airline and allowing it to run up huge debts. An official of the Control Yuan said Tuesday that Yu Ching and Hsu Wen-cheng urged the Communications Ministry and the Civil Aeronautics Administration [CAA] be given a warning for faulty supervision of China Airlines (CAL).

They said in a report that the government bodies "obviously failed to fulfill their duty of supervising CAL, which has been running huge debts with various flaws in operations," the official said. CAL had outstanding debts totalling 12.2 billion U.S. dollars in October, while its capital amounted to only 62.5 million U.S. dollars, the report said. It said that instead of pushing the flag carrier to improve its financial situation, the government bodies subsidized the airline to cover part of its expenses. "They are also unable to correct flaws in the airline's personnel, promotion and operation systems," the Control Yuan members said. The Control Yuan will consider the call by the two members that a "correction" -- or warning -- be issued to the Communications Ministry and the CAA, the official said.

WEI TINGZHENG DISCUSSES THREE GORGES PROJECT PLANS

HK160532 Hong Kong TA KUNG PAO in Chinese 16 Jun 86 p 1

["Special dispatch" by correspondent Kung Shuangyin: "Chang Jiang Basin Planning Office Director Wei Tingzheng Discusses the Three Gorges Project; Feasibility Studies May Be Increased"]

[Text] A few days ago, Wei Tingzheng, director of the Chang Jiang Basin Planning Office and a member of the CPPCC, told CHANG JIANG KAIFA BAO [DEVELOPMENT OF THE CHANG JIANG] reporters that all preparatory works of the Three Gorges project are being increased in light of the central authorities' principles of being active and prudent. More in-depth studies of the relevant issues raised by various sides, such as the issue of silt deposits and so on, are being conducted. It is expected these issues can be resolved.

The Chang Jiang Basin Planning Office was established not long after the founding of the PRC and had always worked under the care and leadership of Zhou Enlai. In the last 3 decades, it has carried out a large number of meticulous works and textual studies on the planning of the Chang Jiang Basin and such priority construction projects as the Han Jiang and Danjiangkou water control projects, Gezhou Dam water control project, as well as the Three Gorges water control project. Wei Tingzheng, director of the Chang Jiang Basin Planning Office, is a senior hydraulician. He said that we are fully confident of making the construction of the Three Gorges project a success.

Regarding the water storage line of the Three Gorges project, Wei Tingzheng said that the selection of the normal water storage line should be based on the overall synthetical utilizations, the rational demands of the relevant departments, the resettlement of people displaced as a result of the building of the dam, and the investment capability of the state. He said that in order to make a more careful analysis, in addition to the water storage line plan of 150 meters, we also worked out four different plans of 160, 165, 170, and 180 meters. We also worked out four groups or more of corresponding antiflood restrictive waterlines and preflood low-water lines. Generally, through synthetical analyses, we selected six represenative plans for further comparisons.

Quoting what Minister of Water Resources and Electric Power Qian Zhengying once said, Wei Tingzheng said that the key to the success of the Three Gorges project lies primarily in the displacement of people due to construction of the great dam. Qian Zhengying stressed that in carrying out the work of displacing the people in the area, consideration should be given to: first, the financial capability of the state and: second, the future of the people.

Director Wei pointed out that displacement of the people in the reservoir area is a very scientific social and policy-related task. In carrying out the Three Gorges project, we build projects for displacing the people and adopt the principle of displacing people in a constructive way. This is conducive to the construction of the project, exploitation of various natural resources in the reservoir area, satisfactory resolution of the issues relating to the displacement of the people in the region, and realization of long-standing security. He also said that as this work has just begun, it is still necessary to act according to the construction principle for the mountainous areas put forward by Premier Zhao Ziyang to conscientiously and meticulously conduct experiments at selected spots, learn from experiences, and then gradually use this experience.

PRC CRACKS DOWN ON SHENZHEN BLACK MARKETEERS

HK160246 Hong Kong SOUTH CHINA MORNING POST in English 16 Jun 86 pp 1, 2

[By Julina Chan]

[Text] Chinese authorities are cracking down on black marketeers who have been enjoying a flourishing business smuggling goods from Hong Kong to Shenzhen. Last month alone, 110 illegal traders -- half of them Hong Kong residents -- were arrested. Until last month, the total for the year had stood at just 48. Housewives, teenagers and elderly women from Hong Kong are the chief culprits. Yet many apparently do not realise they are committing offences which could lead to the confiscation of their goods, hefty fines or imprisonment for up to two weeks.

The crackdown has involved the setting up of a new Lowu sub-office of the Public security Bureau, China's police, and a strengthening of police manpower.

Weekends and holidays are busy times for the black marketeers, who risk even stiffer sentences from the increasingly vigilant Chinese authorities if their offences are deemed to be particularly serious.

Shenzhen officials told the SOUTH CHINA MORNING POST that more than 1,000 items of clothing from Hong Kong, 82 cartons of imported cigarettes, 36 dozen pairs of socks and a number of other items have been confiscated by Chinese officials at Lowu port control since January.

One of the ploys is to take bundles of both new and second-hand women's clothing into Shenzhen. There are plenty of eager buyers waiting to reach deals in hotel rooms away from the prying eyes of the Shenzhen police. One Fujian trader recently made 22 separate deals with Hong Kong sellers in a single day. He collected six sacks containing 677 items of clothing which he was planning to take back to his native province by lorry for resale at high prices -- before police swooped. Shenzhen officials would not reveal what punishment was imposed.

Hong Kong women are taking advantage of the duty-free allowances to sell goods to mainlanders who have an insatiable appetite for Hong Kong-made goods. The women sell them for cash, or for fresh fruit and vegetables. Cigarettes are also a profitable line.

Shenzhen officials told the POST that in a recent case, four Hong Kong youths aged 16 and 17 crossed the border five times in one day, each taking with him two cartons of cigarettes and some cloth on each trip. The youths bought the cigarettes at duty-free shops for $47 a carton and sold them in Shenzhen counterparts for $57. They were given an average of $15 by mainland middlemen for each five-metre length of fabric. Because of their youth, the four were released after their goods were confiscated.

At present, each visitor from Hong Kong is allowed to take two cartons of imported cigarettes into Shenzhen. Other popular items in the illegal trade include nylon cloth, socks and women's stockings.

The director of the Shenzhen Public Security Bureau's Lowu port sub-office, Mr Tseng Peng, told the POST that illegal activities involving Hong Kong residents were mainly of three types: the illegal trade in duty-free commodoties and clothing, black market currency exchange and petty theft.

The risks, though, do not come from just getting caught. Some women trying their hand at currency dealing have been robbed, said Mr Tseng. Taxi drivers who act as middlemen take these women to outlying areas of Shenzhen, such as Futian, where they are easy prey to robbers.

Mr Tseng said that some Hong Kong people have also fallen victim to the need for secrecy in their illegal transactions. Their mainland contacts pad out wads of money with plain paper, which the Hong Kong would-be black marketeer cannot check immediately because these transactions have to be done quickly to avoid the police.

A total of 203 Hong Kong residents, according to the CHINA NEWS SERVICE, have been convicted in Shenzhen for illegal behaviour, out of a total of 777 cases. Eighteen of the Hong Kong people were caught picking pockets in the shops in the Shenzhen customs building since Lunar New Year.

Mr Tseng said the Hong Kong traders face four types of penalities: re-education, fines, "procedural detention" for 15 days and repatriation. All items involved in illegal transactions are confiscated. Mr Tseng warned that the authorities were determined to wipe out fraud and cromes which "disturb the public order."

SHENZHEN LAUNCHES CAMPAIGN AGAINST ABORTION MIDDLEMEN

HK170141 Hong Kong SOUTH CHINA MORNING POST in English 17 Jun 86 p 27

[By Julina Chan]

[Excerpts] Shenzhen officials have launched a campaign to wipe out illegal middlemen who profiteer by introducing Hong Kong women to hospitals for abortions. Mainland taxi drivers and women agents who "lead the way" to clinics and hospitals risk being detained and jailed. Authorities plan to increase plainclothes police patrols and to prosecute offenders.

The SOUTH CHINA MORNING POST reported last week that an increasing number of Hong Kong women were crossing the border for Shenzhen's abortion "services". Taxi drivers who took women to particular clinics were being paid as much as $100 for each client. In the early 1980's, some hospitals supplied taxi drivers with their business cards but this practise was stopped about two years ago.

Mr Tseng Peng, director of the Shenzhen Public Security Bureau's Lowu sub-office, said the drivers and agents were considered to be illegally profiteering. He said no middlemen were required for Hong Kong women who needed the abortion facilities in Shenzhen.

Mr Tseng believed most of the drivers and agents were members of syndicates, but he refused to elaborate. He said a number of taxi drivers and women who were involved in the racket had been convicted, fined and jailed. Mr. Tseng cited a mainland woman who had been caught "many times" in the vicinity of the railway station, and was said to be "99 per cent successful" in spotting women looking for a clinic.

At present, at least eight hospitals and clinics across the border offer abortions. Charges range from $350 to $700 for each operation. Some clinics charge Hong Kong women more than triple the rate charged to mainland residents, who pay an average of 30 yuan (about HK$72) per operation.

PRC WANTS TO LIMIT POST-1997 HONG KONG EXECUTIVE

HK140610 Hong Kong SOUTH CHINA MORNING POST in English 14 Jun 86 p 1

[By Chris Yeung]

[Text] China wants the executive and the legislature in post-1997 Hong Kong to be on an equal footing and be governed by "mutual checks and balances." This was the official message brought back by a group from the Basic Law Consultative Committee who returned yesterday from Beijing after detailed discussions with senior Chinese officials on the drafting of the Basic Law. The officials said the two branches should not have a subordinate-leader relationship. The chief executive should not enjoy as much power as that now accorded to present governors.

The remarks on the grey areas over Hong Kong's future political system were made by Mr Li Hou and Mr Lu Ping, two of the top officials of the Hong Kong and Macao Affairs Office under China's powerful State Council. Mr Li's comments were revealed yesterday by the delegation's deputy leader, Mr Man Sai-cheong. Mr Li, who is No. 2 in the office headed by director Mr Ji Pengfei, said the future legislature should not have power to cast a no-confidence vote on the chief executive, nor should the chief executive be vested with the power to disband the legislature.

The Joint Declaration stipulates that the legislature shall be constituted by elections, and that the executive authorities shall abide by law and be accountable to the legislature.

Earlier, different interpretations over the term "accountable" stirred up controversy, and Chinese officials maintained that grey areas over the future political system in the Sino-British pact should be defined.

According to delegate Mr Chang Ka-mun, Mr Li said his definition of the future relationship was shared by the British and Chinese governments during negotiations on Hong Kong's future. They reached consensus on the meaning of some of the major terms used in the Joint Declaration, Mr Chang, Mr Li defined the crucial term "accountability" in four areas. They were:

-- The executive shall produce periodic policy reports to the legislature.

-- The executive shall answer questions by the legislature over government policies.

-- The legislature shall be vested with powers to scrutinise government budget and approve expenditure.

-- The legislature shall be vested with powers to impeach the chief executive and officials of secretary rank who have committed a crime and report to the central government in Beijing.

Another delegate, Mr William Tsui, quoted Mr Li as saying the future chief executive should not be merely a symbolic leader, but enjoy "certain" powers in administration. Mr Li told delegates that the Chinese Government has yet to decide the scope of the chief executive's powers. He said the future legislature should be constituted by members, through both direct and indirect elections but details were to be hammered out after wide consultations.

The 13-member delegation have held discussions with top Chinese officials including Mr Ji and mainland members of the Drafting Committee during their three-day stay in Beijing.

Members gave their views on a wide range of issues including political structure, the future Beijing and Hong Kong relationship, residents' rights and obligations and the economy.

Delegation leader Dr S.Y. Zee said mainland officials and members were willing to speak on a number of sensitive issues. According to delegate Mr Fung Kin-kee, Mr Lu said the future chief executive and secretary-level officials did not have to be members of the Chinese Communist Party.

On the controversial relationship between the constitutions of Hong Kong and China after 1997, Mr Li reportedly favoured stating clearly that the affairs of Hong Kong shall be confined by the Basic Law.

It avoids any application of clauses in the Chinese Constitution to Hong Kong people after 1997.

Dr Zee quoted Mr Lu as saying that any discussions on party politics should consider whether it would be conducive to the well-being of Hong Kong after 1997. Mr Lu also said the future political system should be able to cater to the interests of different sectors of the community.

Hong Kong delegates believe the Chinese officials favour direct elections to the future legislature. The mainland officials showed special interest in previous elections, such as the Urban and Regional Council elections, Mr Man said.

Meanwhile, a vice-chairman of the Drafting Committee, Mr T.K. Ann said he would raise the question of freedom of foreign remittance and low taxation rate at a meeting of a sub-group on economics which he will join. Mr Ann said he would also propose writing into the Basic Law, in legal terms, the guarantee for the maintenance of Hong Kong's capitalist system for 50 years.

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FOREIGN AFFAIRS MINISTRY HOLDS WEEKLY NEWS BRIEFING

Delegation to Macao Talks

OW180759 Beijing XINHUA in English 0717 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- Vice-Minister of Foreign Affairs Zhou Nan will head the Chinese delegation to the Sino-Portuguese talks on the settlement of the Macao question scheduled to start at the end of this month. This was announced by a Chinese Foreign Ministry spokesman at the weekly news briefing here this afternoon.

Members of the delegation are Ke Zhengping, deputy to the National People's Congress; Shao Tianren, legal advisor of the Foreign Ministry; Ke Zaishuo, director of the Hong Kong and Macao Affairs Office and ambassador of the Foreign Ministry; Zhu Hua (female) departmental director of the Hong Kong and Macao Affairs Office under the State Council; and Zhao Jihua, deputy director of the Hong Kong and Macao Affairs Office of the Foreign Ministry.

DPRK Proposal for Talks

OW180803 Beijing XINHUA in English 0743 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- A Chinese Foreign Ministry spokesman said today the proposal of the Democratic People's Republic of Korea (DPRK) for talks by tripartite military authorities "is of positive significance." On June 17, the Supreme Command of the People's Army of the DPRK proposed to hold talks between the military authorities of the North and the South of Korea, and the U.S. troops stationed in South Korea.

In reply to a question about China's comment on that, the spokesman said that the proposal "is of positive significance for reducing the military confrontation between the South and the North and for relaxing the tension on the Korean peninsula." "We believe that realization of such talks will help ease the current situation on the Korean peninsula and create a favorable atmosphere for the resumption of the dialogue between the South and the North," he added.

EC President To Visit

OW180816 Beijing XINHUA in English 0727 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- President of the Commission of the European Communities Jacques Delors will pay an official visit to China from July 1 to 5, announced a Foreign Ministry spokesman at a weekly news briefing here today. China established diplomatic relations with the European Economic Community in 1975 and with the European Coal and Steel Community and the European Atomic Energy Community in 1983. Former presidents of the Commission of European Communities Roy Jenkins and Gaston Thorn visited China successively in 1979 and 1983 and Chinese Premier Zhao Ziyang visited the European Communities in 1984, the spokesman said.

The volume of trade between China and the ten countries of the European Communities, according to the spokesman, had increased from 2.4 billion U.S. dollars in 1975 to over 7.3 billion in 1985. He said the two sides had signed an agreement on trade and economic cooperation and renewed the textile agreement last year.

Benin Foreign Minister To Visit

OW180820 Beijing XINHUA in English 0753 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- Benin minister of foreign affairs and cooperation, Frederic Assogba Affo, will pay a goodwill visit to China from June 26 to July 1, at the invitation of Chinese Foreign Minister Wu Xueqian. A foreign Ministry spokesman said at the weekly news briefing here today that President Mathieu Kerekou, former Foreign Ministers Simon Ifede Ogouma and Tiamiou Adjibade visited China successively in 1976, 1981, and 1984. China and Benin established diplomatic relations in 1972.

TALKS HELD WITH UK, U.S. ON SATELLITE LAUNCHES

OW170931 Beijing BEIJING REVIEW in English 16 Jun 86 p 30

[Text] Chief engineer of the China Great Wall Industry Corp. (CGWIC) Chen Shouchun, left Beijing for London on June 7 at the head of a six-member delegation for talks with the London-based Inmarsat on questions concerning costs and insurance of the Chinese launching of several marine monitoring satellites for the international organization.

The following day, Henry A. Schwartz, president of the Teresat Co. of the United States, headed a delegation to China to Negotiate with the CGWIC, the Wanyuan Co. and the China Launching Telemeasure Control (CLTC) on China's launching of two communication satellites for his company. The talks ended with the signing of an agareement between both parties. A CGWIC delegation will later be sent to the United States for negotiation with the Teresat Co. on the signing of a contract.

Prior to this, a delegation from the Western Union Telegraph Co. of the United States approached the China Insurance Co. from June 1-4. The two parties discussed insurance questions concerning the scheduled Chinese launching of a 1.4-ton Western VIS communication satellite in October next year.

According to reliable sources, Mr. Paul S. Visher, president of the United States Hughes Aircraft Co., recently proposed to the CGWIC that a satellite launching ground for long-term coopeation be set up on a Hawaii Island where the Chinese rocket carriers and launching technology shall be exploited to launch American Civilian satellites in cooperation with the American company. The suggestion has received positive response from the Chinese side, and negotiation on related substantial questions between both sides is expected to be held soon. It was reported that the bulk of American satellites launched were made by the American company.

CPC RELATIONS WITH OTHER COMMUNIST PARTIES VIEWED

HK131408 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1234 GMT 13 Jun 86

[Text] Beijing, 13 Jun (ZHONGGUO XINWEN SHE) -- Although there are still differences between the CPC and the Japanese Communist Party, they still should look forward. This was pointed out at a news briefing this afternoon by Wu Xingtang, spokesman for the International Liaison Department of the CPC Central Committee.

He said: These differences mainly involve some views on the suspension of relations between the two parties. Last year, representatives of the two parties contacted each other. Through the contact, the two sides know each other's position and viewpoints better. The CPC representatives explained the responsibilities that the CPC had to assume for the suspension of relations between the two parties. Wu Xingtang also said that the two parties have not resumed relations yet, but they should look forward.

Speaking on relations between the CPC and the Portuguese Communist Party Wu Xingtang pointed out: Last Autumn, a CPC delegation visited Portugal and contacted the Portuguese Communist Party. In March this year, the Portuguese Communist Party also sent a delegation to China. This was the first visit by a Portuguese Communist Party delegation in more than 20 years. Wu Xingtang believes that contacts between the CPC and the Portuguese Communist Party will continue.

CPC OBSERVER TO SOCIALIST INTERNATIONAL CONGRESS

OW131010 Beijing XINHUA in English 0948 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- The Chinese Communist Party (CPC) will, for the first time, send an observer to attend the Seventeenth Congress of the Socialist International secheduled June 20 to 23 in Lima, Peru. This was announced here this afternoon by a spokesman for the International Liaison Department of the CPC Central Committee at a news briefing.

He said, the observer Li Shuzheng, alternate member of the CPC Central Committee and deputy head of the spokesman's department will go there at the invitation of the Socialist International and the Aprista Party of Peru. Last October, the spokesman said, Zhu Liang represented China at the disarmament conference called by the Socialist International.

The spokesman also announced that on behalf of the CPC, Zhou Jie, deputy-director of the General Office of the CPC Central Committee, will attend the Twelfth Congress of the Parti Socialiste Destourien of Tunisia June 19-21 and the Sixth Congress of the Socialist Party of Portugal of June 26-28. Later, he will pay a friendly visit to Algeria at the invitation of the National Liberation Front of Algeria, he said.

A delegation of the United National Independence Party of Zambia led by General Secretary Alexander Grey Zulu will pay a week-long goodwill visit to China from the end of June to the beginning of July at the invitation of the CPC, he added.

POLAND, USSR, GDR HOLDING MILITARY EXERCISES

OW160100 Beijing XINHUA in English 0053 GMT 16 Jun 86

[Text] Warsaw, Jun 15 (XINHUA) -- Troops from Poland, the Soviet Union and Democratic Germany are holding joint manoeuvres in an unspecified area, the official news agency PAP disclosed today. Members of the Polish Commission for National Defense had "watched the joint military exercises by allied troops from naval and army units of the Polish, Soviet and Democratic German Forces," the report said. But it didn't say when the war games had begun, nor did it give any details about the venue, purposes or size of the exercises. The report also said a special meeting of the commission was held today in the maritime military area in Poland. Members of the commission had watched manoeuvres and visited training centers in the area, it added.

HU YAOBANG ACCUSES USSR OF FLIGHTS TO SPY ON PRC

OW171144 Tokyo KYODO in English 1118 GMT 17 Jun 86

[Text] Beijing, June 17 KYODO -- China's Communist Party chief Hu Yaobang accused the Soviet Union earlier this month of persistent "spy" plane flights toward China, a reliable diplomatic source here disclosed Tuesday. Hu made the harsh charge against Moscow during a two-hour meeting here June 6 with visiting Polish Parliament Speaker, Marshal Roman Malinowski, just before his departure for a Western European visit, the source said. While censuring Moscow, Hu ruled out a quick improvement of political relations between China and the Soviet Union, the sources said.

During the talks with Malinowski, Hu reportedly revealed that the Soviets had conducted "spy" aircraft flights as often as 30 times since early this year. Soviet troops are still deployed near the Sino-Russian border, Hu was quoted as saying. However, Hu did not clarify by which routes the alleged "spy" Soviet planes approached China or whether they trespassed into China's airspace, the diplomatic source said. But Hu stressed the Russian flights were for "spying" activities, the source said.

During the meeting with the Polish speaker, Hu expressed deep distrust toward the Soviet Union, pointing to "a difference between words and deeds." Hu said that, while Soviet party leader Mikhail Gorbachev expresses a determination to improve relations with China, Moscow continues such unfriendly activities (as the alleged spying flights) toward China in actuality, the source said.

This is China's first such accusation against Moscow since May 1978 when the Chinese Foreign Ministry protested that Soviet soldiers aboard a helicopter and 18 military boats had crossed the border into the northeast China province of Heilongjiang. It was not immediately clear whether China had lodged an official protest to Moscow over the latest alleged spying flights. But the same diplomatic source did not discount the possibility that Vice Foreign Minister Qian Qichen might have taken up the incident during the eighth vice-ministerial normalization talks in Moscow in April.

In his denial of a possible quick improvement of ties with Moscow during the meeting with Malinowski, party General Secretary Hu also cited the so-called "three obstacles" to improved Sino-Russian relations, the same diplomatic source said. The "Three obstacles" alluded to by the Chinese are the Soviet support for Vietnam's military presence in Kampuchea, the Soviet troops on the border with China and the Russian military presence in Afghanistan.

Meanwhile, while commenting on Hu's accusation concerning the alleged Russian "spy" planes, some Western military sources in Beijing pointed to the possibility that the Russian airborne "spying" may have something to do with North Korea's permission for Russian military aircraft to fly over North Korea. Pyongyang has allowed Soviet military planes to fly over North Korea since the end of 1984, the Western sources said. The number of Russian flights over North Korea rapidly increased this spring, probably for reconnaisance against the U.S.-South Korea joint military drill "team spirit" and other espionage activities, the same sources said.

During such flights, Russian planes might come close to China over the Yellow Sea, the sources speculate. The Chinese are said to be very nervous about such matters, the sources added. There is also speculation that China might have served a request toward Pyongyang to retract the permission for Russian military flights over North Korea.

FURTHER REPORTAGE ON PHILIPPINE VICE PRESIDENT'S VISIT

Talks With Deng Xiaoping

OW171051 Beijing XINHUA Domestic Service in Chinese 0804 GMT 17 Jun 86

[Text] Beijing, 17 Jun (XINHUA) -- Chairman of the CPC Central Advisory Commission Deng Xiaoping said today that China and the Philippines have sufficient conditions to be very good friends.

This morning, at a meeting with Philippine Vice President and Foreign Minister Salvador Laurel in the Great Hall of the People, Deng Xiaoping praised the people of the Philippines for making a significant choice last February. He said: "We feel very happy about this."

He said: China and the Philippines have long enjoyed close relations. Relations between the two countries have been fine, almost devoid of any problems or disputes, since they established diplomatic ties in 1975. China has always respected the choices made by other peoples of their own accord, he said, expressing the belief that the friendly and cooperative relations between China and the Philippines will develop further.

The vice president's talks with Chinese leaders during this visit have fully manifested the close friendly relations between the two countries, he added. Deng Xiaoping also said that President Corazon Aquino is welcome to visit China at any convenient date.

Laurel expressed appreciation and gratitude for China's timely sympathy, understanding, and support at the time of the founding of the new Philippine Government. He pointed out that the new government received the Chinese Government's recognition immediately after its formation, and that 1 week later, a cultural delegation from the Chinese Government signed the first agreement with the new Philippine Government in Manila. The Philippines regards the Chinese Government and people as its good friends, he said.

Laurel said: The sincere friendship between the two people is of long standing and well established. Preserving and strengthening the friendship between the Philippines and China is one of the goals the new Philippine Government is working for.

He said: Over the past 2 days, he and Chinese leaders discussed questions of common concern in a frank, serious, and friendly way, and the two sides shared very similar views. The talks have been very fruitful.

Deng Xiaoping briefed Laurel on how China resolved the Hong Kong issue satisfactorily by using the "one country, two systems" method. He said: International reaction to the "one country, two systems" concept has been good. The Chinese Government is also thinking of using the same method to resolve the Taiwan question.

Deng Xiaoping said: The Hong Kong and Taiwan questions are practical and actual questions that confront China. The "one country, two systems" method has been proposed in order to resolve these questions in a peaceful way instead of by resorting to force. He said: "The solution of many disputed international issues involves the use of either a peaceful or forceful method. We stand for peaceful methods, not forceful ones."

Laurel expressed appreciation for the way the Chinese Government resolved the Hong Kong question. In his opinion, the Taiwan question is an internal issue of the Chinese people and should be resolved by the Chinese people without external interference. The Philippine Goverment pursues the "one China" policy, he reiterated.

When Laurel arrived at the Fujian Hall today, he held Deng Xiaoping's hand and said: "I earnestly wish to see you." He told Deng Xiaoping that "this was his third visit to China, and he made many friends in China." Compared with what he saw on his two previous visits, he said, China has now undergone many significant changes.

Among those attending the meeting were Wu Xueqian, state councillor and minister of foreign affairs, and Zhu Muzhi, minister of culture.

Discusses Nansha Islands Sovereignty

HK180105 Hong Kong WEN WEI PO in Chinese 18 Jun 86 p 1

[Dispatch from correspondent Cheng Hsiang: "China, Philippines Discuss Sovereignty Over Nansha Islands"]

[Text] Beijing, 17 Jun — Philippine Vice President Laurel said that the question of sovereignty over some of the islands in the Nansha archipelago was raised during his meeting with Deng Xiaoping. According to Laurel, Deng Xiaoping said that the Nansha archipelgo issue is not something that requires an immediate decision, and we can wait a while more. I believe that this question can be resolved when the time comes.

Deng Affirms Contacts With NPA Cut

HK171316 Hong Kong AFP in English 1153 GMT 17 Jun 86

[Text] Beijing, June 17 (AFP) -- China has stopped all contacts with communist insurgents in the Philippines but may continue to extend "fraternal greetings" to the Philippine party, Philippine Vice President Salvador Laurel said here Tuesday.

Mr. Laurel said Chinese leaders had also promised to extend a total of 40 million dollars in renewed and newly-offered trade credit lines, while attempting to end this year the Philippines' chronic deficit in trade with China.

Analysts said the Chinese pledges of aid, trade and non-interference extended to Mr. Laurel during his three-day visit had cemented warm relations between the new government of Corazon Aquino and China. Beijing is eager to strengthen ties with Southeast Asia and dispel lingering suspicions that China supports communist insurgencies there, analysts noted.

Mr. Laurel said top Chinese leader Deng Xiaoping and Premier Zhao Ziyang assured him the Chinese Communist Party (CCP) had "stopped all contacts with the Communist Party in the Philippines" and that there was now "no contact whatsoever." But he left open the possibility that China would continue to extend "fraternal greetings" to the Philippine communists whose New People's Army (NPA) have agreed to hold peace talks with Mrs. Aquino's government.

Mr. Laurel confirmed that negotiations between the Philippine goverenent and the NPA were "ongoing" with contacts between the two within the last month but declined to give details because "too many lives are at stake."

Chinese leaders had admitted China extended material supprt to communist insurgencies throughout the world during the first ten years after the Chinese Communist came to power in 1949, but such support had long since ended, he said. Mr. Deng's assurances that contacts had stopped meant that the NPA could no longer misconstrue "any fraternal greetings that may be extended as encouragement on the part of the People's Republic of China to the Philippines communist Party to proceed with subversive activities," he said.

It was too early to know that effect the move would have on the NPA moral or whether it would encourage the insurgents to turn to Vietnam or the Soviet Union, he said. he did not explain how it could be that all contacts were stopped while China might still continue to send fraternal greeting.

Speaking to reporters in a Philippine Embassy hall decorated with "people power" posters and drapes of bright yellow, the color of Mrs. Aquino's campaign to out former President Ferdinand Marcos, Mr. Laurel said he wished to thank China for its prompt recognition of the new government when it came to power in February.

On economic relations between the two countries, Mr. Laurel said China was taking "positive and specific measures" to correct this year a chronic trade imbalance between the two nations.

Philippine officials travelling with Mr. Laurel said that the Philippines' defict with China last year was 350 million dollars on a total trade of about 550 million. The cumulative deficit over the last 14 years was about 1 billion dollars, the officials said. China has agreed to renew a 20-million dollar trade credit line previously extended to the Philippines as well as to extend another 20 million dollar trade credit facility on terms to be agreed between the two nation's banks.

Agreement had also been reached on a pricing formula for China to supply Manila with the balance of previously agreed-upon oil purchase on a deferred payment basis, Mr. Laurel said. The oil would be worth about 25 million dollars.

A Chinese trade mission currently in the Philippines had already signed contracts for fertilizer and copper concentrates worth 8 million dollars, while another 40 million-dollars-worth of contracts were expected to be concluded in the next few days, Mr. Laurel said.

He said that the two countries had also agreed to hold talks on the opening of consular posts, with a Chinese consulate proposed for Cebu City in the Philippines and a Philippine consulate proposed for Xiamen, a port in coastal Fujian Provine that is the original homeland of many Filipinos of Chinese ancestry.

Asked if he had purchased souvenirs in the tradition of former first lady Imelda Marcos, who was reported to have bought hundreds of suitcases of Chinese handicrafts, Mr. Laurel said he had also made some purchases but on a rather smaller scale - ten handkerchiefs.

Laurel Holds News Conference

OW171525 Beijing XINHUA in English 1500 GMT 17 Jun 86

[Text] Beijing, June 17 (XINHUA) -- Salvador H. Laurel, Philippine vice-presient and foreign minister, said here today that he would bring with him not only the goodwill of the Chinese Government and people but also their concrete expression of support to Philippine current efforts for national economic recovery and growth.

Speaking at a news conference, Laurel said he had a fruitful exchange of views with Chinese leaders. He added that Chinese leaders are understanding and sympathetic with economic problems facing the Philippines and gave their support to its economic recovery program.

Referring to Philippine trade deficits with China, he said a 28-man Chinese trade mission is now in Manila holding talks with the Philippine Government on measures to expand the variety and to increase the volume of goods China imports from the Philippines. Laurel said the Philippines welcomes Chinese investments in such areas as mining, wood, and paper pulp industries.

He said that as relations between the two countries had expanded rapidly in the last 11 years, their governments had reached agreements to hold formal discussions soon on the opening of a Philippine consulate in Xiamen and a Chinese consulate in Cebu City, the Philippines.

Hosts Banquet for Zhao

OW171600 Beijing XINHUA in English 1530 GMT 17 Jun 86

[Text] Beijing, June 17 (XINHUA) -- Chinese Premier Zhao Ziyang and Philippine Vice Presdient Salvador H. Laurel agreed today that friendship and cooperation between the two countries will surely develop. They were speaking at a return banquet given by Laurel here tonight.

Laurel described his visit to China as "memorable" and "fully successful". He thanked the Chinese Government and people for their friendship and understanding with the Philippines and their cooperation with and support to its new government. "It is your support that makes our new government full of confidence in its strive for national stability and economic development," he said.

Laurel expressed the belief that governmental and non-governmental relations between the two countries in the fields of economy, trade, science and technology and culture would expand and reach a higher level.

Zhao Ziyang said that both sides have expressed their desire to further develop and strengthen friendly relations and cooperation between them and shared a wide range of identical views over some major international issues. "It is quite easy for us to reach an understanding between us," Zhao said.

He said that China heartily rejoices over the achivements the new government and people of the Philippines have accomplished over a short period of a hundred-odd days in stabilizing the domestic situation and in economic rehabilitation and development.

"We sympathize with you in your difficulties. We in China are ready to do our bit to assist you in overcoming the difficulties," Zhao said.

He said, "I am confident that with the joint efforts of our two governments and peoples, the friendly relations and cooperation between China and the Philippines will continue to develop both in breadth and depth."

Also attending the banquet were State Councillor and Foreign Minister Wu Xueqian and Minister of Culture Zhu Muzhi.

Meets Ulanhu; Ends Visit

OW180614 Beijing XINHUA in English 0559 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- Philippine Vice-President and Foreign Minister Salvador Laurel and his wife left here for home today at the end of their four-day visit to China. Before departure, Vice-President Ulanhu went to the Diaoyutai State Guest House to say good-bye to them.

Ulanhu said, the talks between Laurel and Chinese leaders during his visit here had promoted understanding. "Short as the visit is, it is very successful," he added. He said Laurel's visit would help develop their relations in economic, trade as well as other fields. "We are satisfied with it."

Laurel agreed with Ulanhu, adding, "the visit is indeed very fruitful." He said there were no obstacles in Philippine-Chinese relations and his visit had made their friendship even sounder. He suggested to send more Philippine students to China to study Chinese, saying that common language would make them more close in diplomatic, economic and trade relations.

Seeing the visitors off at the airport were Chinese Minister of Culture Zhu Muzhi and Vice Foreign Minister Liu Shuqing.

FURTHER REPORTAGE ON HU YAOBANG'S EUROPEAN VISIT

Breakfast With Giscard D'Estaing

OW171200 Beijing XINHUA in English 1142 GMT 17 Jun 86

[Text] Paris, June 17 (XINHUA) -- Chinese party leader Hu Yaobang, who arrived here yesterday for an official visit, had a breakfast with former French President Valery Giscard D'Estaing at Marigny Hotel today. The two statesmen had broad discussions on world affairs, including East-West relations and disarmament, as well as on Sino-French economic cooperation.

They were joined by Chinese Vice-Premier Li Peng, Vice Minister of Foreign Affairs Zhou Nan and Chinese Ambassador to France Cao Keqiang.

Later Giscard d'Estaing told XINHUA that his conversation with Hu was conducted in a very amicable atmosphere and that they shared identical views on a series of issues such as the need for a balanced disarmament and the necessity of closer French-Chinese economic cooperation with the transfer of technology in particular. The former president added that during the breakfast General Secretary Hu invited him to visit China, and he accepted the invitation with great pleasure.

Hu, Chirac Discuss Ties

OW171609 Beijing XINHUA in English 1539 GMT 17 Jun 86

[Text] Paris, June 17 (XINHUA) -- Visiting Chinese Communist Party leader Hu Yaobang and French Prime Minister Jacques Chirac in their talks here today expressed their desire to further cooperation between the two countries in the political, economic and cultural fields. The two leaders also exchanged views on international issues of common concern. After the talks, Chirac told reporters that Hu attaches great importance to the development of relations with France.

They also exchanged views on the issue of Kampuchea, Chirac said, adding that France supports the 8-point peace proposal presented by Samdech Sihanouk on behalf of the tripartite Coalition Government of Democratic Kampuchea.

Feted at Banquet by Chirac

OW171800 Beijing XINHUA in English 1736 GMT 17 Jun 86

["CPC General Secretary Accorded Warm Welcome by Mayor of Paris" -- XINHUA headline]

[Text] Paris, June 17 (XINHUA) -- Jacques Chirac, mayor of Paris, gave a grand reception today in honor of visiting Chinese Communist Party General Secretary Hu Yaobang at the Town Hall l'Hotel de Ville de Paris.

Chirac, who is also prime minister of France, said in a welcoming speech that Paris felt privilegd to have the honor of giving such a reception to Hu Yaobang as a leader of the world's most populous nation and as a distinguished envoy of the oldest civilization.

He praised Hu and other Chinese leaders for their excellent judgement and foresight in implementing the policy of modernization and of opening to the outside world which have already yielded remarkable results.

France and China, though far apart from each other geographically, are close to each other in their viewpoints, Chirac said. Both will not tolerate foreign intervention in the affairs of other countries and both reject the division of the world into two opposing blocs, Chirac said, adding that as members of the U.N. Security Council, both France and China are regarded as a balancing power.

In reply, General Secretary Hu said that it had been his long-held, sincere hope to visit Paris which has witnessed a series of major social changes that have propelled the progress of human civilization in modern history. It was also because that Paris has a place of pride in the history of cultural exchange between the Chinese and French peoples.

After recalling the historic decision made by the late general Charles de Gaulle and Chairman Mao Zedong to establish diplomatic relations between the two countries in 1964, the visiting Chinese leader noted with gratification the development of their bilateral relations over the past two decades.

"We both treasure national independence and are eager to preserve peace. We share the strong desire to further reinforce our relationship, and particularly to increase our economic and technological cooperation, and we are both determined to work together for still closer Sino-French relations," Hu said. Progress in Sino-French friendly cooperation will contribute not only to the common prosperity of our two countries but also to the maintenance of world peace, Hu stressed.

A grand welcoming ceremony was held for Hu upon his arrival earlier in the day at the Town Hall.

About 500 guests from both sides were present at the reception which proceeded in an exceptionally friendly atmosphere. After the reception, Chirac, in his capacity as French prime minister, had talks with General Secretary Hu at his office.

Hu, Chirac Stress Cooperation

OW180214 Beijing XINHUA in English 0153 GMT 18 Jun 86

[Text] Paris, June 17 (XINHUA) -- Chinese Communist Party leader Hu Yaobang and French Prime Minister Jacques Chirac attached great importance to the Sino-French cooperation at their speeches here this evening. Speaking at the dinner he held in honor of General Secretary Hu Yaobang, who arrived here yesterday on a four-day visit, Chirac said that Hu's visit is especially significant and France attaches importance to the cooperation with China. "It gives me great pleasure to see that we have identical views on international relations," he said.

He said that France and China have the same will to safeguard their national independence. So far as France is concerned, he said, the national independence is based on the credible nuclear deterrent force which, he said, concerns whether the country can take its destiny into its own hands.

He said that the French Government calls for an immediate end to the military intervention from outside in Kampuchea and Afghanistan so as to let the peoples of the two countries choose freely their destiny.

He described China's support for European construction and unity as precious and expressed his thanks for it.

In reply, Hu, general secretary of the Central Committee of the Chinese Communist Party, praised the French people for cherishing independence and freedom exercising considerable impact on the process of history. As a European nation, France is playing an increasingly important role in international affairs, Hu said.

On Sino-French relations, Hu said: "The development of the friendly and cooperative relations between China and France not only brings benefits to both Chinese and French peoples, but also is in the interest of the cause of the maintenance of world peace."

Hu stressed China and France have a solid political basis for the development of bilateral relations and good objective conditions for further expanding economic and technological cooperation.

Hu, on behalf of the Chinese premier, invited the French prime minister to pay an official visit to China at his convenience.

Attending the dinner were Chinese Vice-Premier, Li Peng, Fei Xiaotong, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference, and other members of Hu's party.

Hu Speaks at Chirac Dinner

OW180116 Beijing XINHUA in English 0040 GMT 18 Jun 86

[Text] Paris, June 17 (XINHUA) -- Chinese party leader Hu Yaobang declared today that Sino-French relations in all fields are bound to reach a new high and will continue to develop in a stable manner on a long-term basis. At a dinner hosted by French Prime Minister Jacques Chirac this evening, Hu, general secretary of the Central Committee of the Communist Party of China, said that although a vast distance separates China and France, exchanges of visits between the nations go back many years.

"With the establishment of diplomatic relations between China and France, our traditional friendship and exchanges have entered a new stage," Hu stated. The Chinese party leader quoted from the late French President Charles de Gualle: "It is imperative for France and China to develop their relations and expand their cooperation.

"The far-sighted policy decision taken by General de Gaulle and Chairman Mao to establish diplomatic relations has produced rich fruits since then," Hu continued. "We would like to join French friends in working untiringly in this regard," Hu said.

In recent years, French and Chinese leaders have held consultations on major international issues on a regular basis. Bilateral trade has increased yearly, economic and technological cooperation has expanded and the exchange of visits has grown. "The development of the friendly and cooperative relations between China and France not only brings benefits to both Chinese and French people, but also is in the interest of the cause of the maintenance of world peace," Hu said.

Hu praised the contributions of Prime Minister Chirac to the friendship and cooperation between China and France. Not long ago, Hu recalled, Chirac said he had a special feeling for Sino-French relations and wanted to promote their development. Indeed, Hu said, "there is still potential for the development of the relations between our two countries."

Hu said China and France both have long histories and brilliant cultures, cherish their own national independence, pursue independent foreign policies of peace, are devoted to maintaining peace, and respect each other as equals. In conclusion, Hu said, "these common points provide our two countries with a solid political basis for sound cooperation in all fields."

Further Remarks by Chirac

OW180200 Beijing XINHUA in English 0147 GMT 18 Jun 86

[Text] Paris, June 17 (XINHUA) -- France and China share converging views on the fundamental issues in international relations, French Prime Minister Jacques Chirac said here tonight at a dinner he hosted in honour of visiting Chinese Communist Party General Secretary Hu Yaobang.

Chirac stressed that both France and China are determined to preserve their national independence. For France, its independence is based on a reliable nuclear deterrent while a reliable defence should not ignore the strategic and technological challenge of space research, said the prime minister.

He quoted the late General Charles de Gaulle as saying to the effect that peace on the earth would be secured only when China becomes an inseparable part of peace and when China and France can understand each other. He went on to say that both France and China stand for the settlement of disputes through negotiations. In this respect, the Sino-British declaration on the question of Hong Kong has set an example to follow, Chirac said.

The French prime minister noted that in the spirit of its consistent diplomatic principle, the French Government wants an immediate end to the foreign military intervention in Kampuchea and Afghanistan and a peaceful reunification of Korea through negotiations between its North and South.

Chirac gave his sincere appreciation of China's consistent support for Europe to reinforce its unity. Chirac paid high tribute to China's current economic reform. He said France is willing to strengthen its cooperation with China and will do what it can to help China in the process of development. The prime minister stressed that what is happening in China has proven decisive to the destiny of the world. Because of this, he said, France attaches extremely great importance to its cooperation with China. Considering France-China relations and the issues of world equilibrium and peace, he said, "We hold that General Secretary Hu Yaobang's current visit to France has special significance."

Meets Socialist Party Leader

OW171836 Beijing XINHUA in English 1755 GMT 17 Jun 86

[Text] Paris, June 17 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang met with French Socialist Party leader Lionel Hospin here this afternoon to discuss party-to-party relations and other issues of common concern.

During the meeting, the two leaders expressed satisfaction with the development of ties between the two parties since French President Francois Mitterrand visited China as French Socialist Party leader in 1981. The two parties established relations in the same year. The two parties have maintained contacts and exchanged visits during the past five years and have promoted mutual understanding and strengthened relations between them and between France and China, the two leaders said.

Hu, who arrived here yesterday at the start of a four-day official visit, briefed Hospin on the progress China has made in the economic and political fields in recent years. Hu invited Hospin, the first secretary of the French Socialist Party, to visit China, and the invitation was accepted by Hospin.

Also present at the meeting were Jean-Marie Cambacheres, an alternate member of the Directory Committee of the French Socialist Party, and Zhu Liang, director of the International Liaison Department of the Chinese Communist Party Central Committee.

Feted by National Assembly Head

OW172358 Beijing XINHUA in English 2332 GMT 17 Jun 86

[Text] Paris, June 17 (XINHUA) -- Chinese leader Hu Yaobang said here today that Sino-French frienship and cooperation will surely make further progress with the common efforts of the two governments and the two peoples. Speaking at a luncheon hosted by president of the National Assembly Jacques Chaban-Delmas, Hu said, "Leaders of our two countries and our two peoples have the common desire to educate our children to dedicate themselves to the long-term frienship between our two countries and to the cause of world peace."

Praising General Charles De Gaulle as a great statesman respected by the Chinese people, Hu said, "We will sincerely thank those statesmen whether they are dead or are still alive for their contributions to the cause of Sino-French friendship," he said.

Noting that he and Chaban-Delmas were both born in 1915, Hu said they were young men in their 20s during World War II, who dedicated themselves to their own countries. "We saw by our own eyes some of our relatives and compatriots die during the war," he said. "We do not want to see our children experience the tragedy of a third world war."

Chaban-Delmas said he and Hu participated in the resistance movement during World War II. "Those who took part in the movement always feel like old friends at the first meeting," he said.

Stressing that Sino-French relations are based on mutual trust and friendship, he said, "France and China are all peace-loving countries but we are not pacifists." The peace we adovcate is a peace for the people who stand on their own feet not for the people who are enslaved, the French parliamentary leader said. General Secretary Hu had a tour of Musee du Louvre and Chateau de Versailles later in the afternoon.

Meets Senate President

OW180301 Beijing XINHUA Domestic Service in Chinese 0207 GMT 17 Jun 86

[By reporter Ma Fangyun]

[Text] Paris, 16 Jun (XINHUA) -- Alain Poher, president of the French Senate, met with visiting General Secretary of the CPC Central Committee Hu Yaobang at the Palais du Luxembourg, home of the Senate, here this afternoon. During the meeting, Poher and Hu Yaobang had friendly conversation, and exchanged souvenirs. Present at the meeting were Chinese Vice Premier Li Peing, Vice chairman of the CPPCC National Committee Fei Xiaotong, and Chinese Ambassador to France Cao Keqiang, as well as French Ambassador to China Malo.

Li Peng Meets Economics Official

OW180008 Beijing XINHUA in English 2337 GMT 17 Jun 86

[Text] Paris, June 17 (XINHUA) -- Chinese Vice Premier Li Peng met today with Edouard Balladur, French minister of state for economy, finance and privatization. Li is accompanying party General Secretary Hu Yaobang on his trip to France. The two officials said they are satisfied with economic and trade development between China and France over the past few years. They also discussed how to expand future Sino-French economic cooperation.

Li Reiterates Open Policy

OW180343 Beijing XINHUA Domestic Service in Chinese 0048 GMT 18 Jun 86

[By reporter Ma Fangyun]

[Text] Paris, 17 June (XINHUA) -- Li Peng, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, who is accompanying General Secretary of the CPC Central Committee Hu Yaoban on his visit to France, reiterated in Paris today that China would continue to steadfastly implement the policy of opening to the outside world.

At a reception given in his honor by the France-China Committee this afternoon, Li Peng said: Now that the door is open, it will not be shut. The policy of closing the country to international exchanges during the late period of China's feudal society was an historic mistake. China will never again make such a mistake.

Li Peng briefed some 250 French industrialists and businessmen about China's economic development in recent years as well as its future goal, that is, to help the people to prosper before the end of this century, and then to spend 30 to 50 more years to reach or approach the level of the developed countries. He said that, to this end, two conditions are necessary -- a peaceful international environment and reform of the economic system.

Turning to Sino-French economic relations, Li Peng said that prospects for economic cooperation between the two countries are bright. He said: China needs to study its ongoing modernization drive. It can learn from France's advanced technology and experience, and is ready to cooperate with France in this respect, especially in energy, transport, telecommunications, metallurgy, and power generation.

He said that the two countries could adopt three methods for economic cooperation -- expanding normal bilateral cooperation, offering preferential loans to promote French exports to China, and running Sino-French joint ventures or opening enterprises in China with only French investment.

In conclusion, Li Peng expressed hope for continual growth of Sino-French trade and economic relations.

Further Remarks by Li Peng

HK180449 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0227 GMT 18 Jun 86

[Report by Tang Hongju]

[Text] Paris, 17 Jun (ZHONGGUO XINWEN SHE) -- Li Peng said here this afternoon that the wheel of China's current reform would not stop, nor would it go backward. Li Peng said this to more than 300 friends from French industrial and commercial circles at a reception given by the Franco-Chinese Committee.

He said that the estimated economic growth rate of China for this year would be about 7 percent. He believes that this can be achieved through making efforts and may very well be exceeded. Some foreign friends think that he slowing down in China's economic growth compared with the preceding few years shows that perhaps some trouble is being encountered. Li Peng gave the explanation that fundamentally that view was not correct. As a matter of fact, last year, China's economy took a stride forward, mainly by carrying out reform on the prices of its agricultural products. Facts have proved that reform was in the main successful. Our setting a slightly lower target for our economic growth rate for this year is aimed at continuing to perfect the new price system. Moreover, after all, 7 percent is still a very high growth rate.

Li Peng stressed: A country's construction and economic development should be neither too slow nor too quick. Too slow a growth rate may give rise to economic depression, while too quick a growth rate is apt to give rise to imbalance and drastic economic fluctuation. Therefore, he advocates a harmonized and stable pace of development.

FRENCH AMBASSADOR TO PRC INTERVIEWED ON RELATIONS

HK180247 Beijing CHINA DAILY in English 18 Jun 86 p 4

["Excerpts" of an interview with French Ambassador to the PRC Charles Malo by CHINA DAILY reporter Gao Shi in Beijing "On the Eve of Hu Yaobang's visit to West Europe"]

[Text] Q. How do you describe the relationship between China and France?

A. It has been excellent, except for some trouble during the "Cultural Revolution." I cannot see any conflicts of interest between the two countries. China and France have similar views on major international issues, such as the superpowers, national defence, arms control and North-South relations. Prior to every UN General Assembly session, China and France have conducted sincere and friendly consultations. Top officials of the two countries exchange views every year, not only on international issues but also in the fields of bilateral trade, commerce, economic, culture, science and technology.

Q. What is the significance of Hu Yaobang's visit to France?

A. It is both significant and normal, though it is the first by a top Chinese Communist Party leader. It is the result of French President Francois Mitterrand's invitation when he visited China. Nearly all Chinese leaders stop in France when they visit Western Europe. For instance, both Deng Xiaoping and Premier Zhao Ziyang did.

Hu Yaobang's visit will further develop Franco-Chinese relations and contribute to better understanding between the leaders of the two countries. Hu Yabang will explain China's modernization targets and the Seventh Five-year Plan to French leaders, who will tell the Chinese leader about French development plans. There are 13 Sino-French joint ventures in China and the number is on the rise. I don't have exact figures on French investment in China, but I can tell you the French Government is encouraging its firms to make more. In 1985 and this year, the French Government granted two low-interest loans to China.

Q. There was a trade deficit on the Chinese side last year. What are your views on the matter?

A. Over the long-term, Chinese-French trade can be said to be in balance with deficits sometimes on the Chinese side, sometimes on the French side.

It is the sincere hope of the French Government to import more Chinese goods and for China to import more French goods as well. We understand that China will not have enough foreign exchange for imports unless its exports are increased. The French Government hopes China will provide a greater supply of products for export. The current supply to France is below capacity as many countries are seeking to expand trade with China.

Q. What about exchanges in other fields?

A. There are hundereds of Chinese students studying in France and about 50 French students in China. We hope to expand present broadcast and television co-operation between China and France.

In autumn of this year, we will welcome an ensemble of more than 220 Chinese artists and musicians to France. An automobile rally from Paris to Beijing is scheduled for 1987. And in 1988, an exhibition of 20th century French art will be held in Beijing.

PRC-FRANCE ECONOMIC, TECHNICAL COOPERATION VIEWED

OW141824 Beijing XINHUA in English 1545 GMT 14 Jun 86

["Round-up: China, France Forge Stronger Economic Ties (by Ma Fangyun)" -- XINHUA headline]

[Text] Paris, June 14 (XINHUA headline] -- It was rare 20 years ago to see a China-made product of French markets. But, today they are common in Paris, ranging from glistening silk from China's Zhejiang Province, exquisite porcelain from Jiangxi, mellow maotai spirit from Guizhou as well as perfumed jasmine tea from coastal Fujian Province.

Foreign goods have been commonplace in Paris for a long time, but the appearance of so many varieties of Chinese commodities reflects the sustained development of economic relations between China and France. According to French statistics, trade between the two countries was barely 400 million francs in 1964 when they established diplomatic relations.

Trade grew to an average of 609 million francs annually in the late 1960s and then to 1,642 million in the 1970s. In the 1980s bilateral trade has jumped to an average of 6.8 billion francs annually. In 1985, Sino-French trade topped the 10 billion franc mark, totalling 11.451 billion francs, 28 times that of 1964. Closer cooperation between the two countries in the economic field has played a part in this trade boost. China's policy of opening to the outside world broke new ground for Sino-French cooperation, especially in energy, telecommunications, electronics, space technology, transportation, chemical industry, farming, and food.

Along with the intensified cooperation, complete sets of equipment, transfer of technology, creation of joint ventures, compensation trade, and processing of raw materials have been introduced. Statistics show that in 1985, China and France signed more than 30 contracts on technological introduction which covers semiconductor expertise, integrated circuits, electric locomotives, telephone exchange equipment, mining experiments and embryo transplants.

By the end of last year, China and France had established 14 joint ventures and six joint-run enterprises covering construction, leather, furniture, costume, car and wine-making. Four contracts for surveying and exploration of offshore oil also were signed. In addition China and France have emphasized regional ties. The city of Tianjin and four of China's provinces -- Sichuan, Shandong, Anhui, Guangdong -- have formed sister relations with six French regions or entities.

During a 1984 visit to France by Chinese Premier Zhao Ziyang, the governments signed two agreements on investment protection and prevention of double taxation.

Last year, a long-term agreement on economic relations and cooperation was revised to say France and China will take effective measures to create conditions to promote mutual beneficial cooperation and to speed up economic relations. Meanwhile, the two governments will upgrade the Sino-French economic relations and cooperation mixed committee from the director level to minister level. France is a leading developed West European country with advanced industry and agriculture, although China only in the last decade embarked on its modernization, which now is in full swing. China's policy of opening to the outside world has added another favorable condition to Sino-French cooperation.

BUSINESSMAN LECTURES ON SINO-BRITISH TRADE

OW140200 Beijing XINHUA in English 0025 GMT 14 Jun 86

[Text] London, June 13 (XINHUA) -- To open up the Chinese market, more appealing price offers and more direct investments are needed from foreign companies, a senior Chinese businessman said here. Jing Shuping, executive director of the China International Trust and Investment Corp. (CITIC) and vice chairman and president of the China International Economic Consultants Inc. (CIECL) was the speaker at this year's Sir John Keswick Memorial Lecture in London on June 12, 1986.

At the famous round lecture room of the Royal Institution of Great Britain, Jing told the audience from business, industrial, and academic circles in Britain that China's Seventh Five-Year Plan adopted not long ago is offering favorable opportunities to British companies which are seeking to expand trade and economic cooperation with China.

"British products are quite acceptble in quality and technology, but they are not competitive in price. That is why it is rather difficult for Britain to open up the Chinese market," Jing said. "If British corporations can make more appealing offers in price and get more involved in direct investment, then, with the support of British governmental soft loans, I believe the prospect will be even brighter," he added. He noted that "in the 1986-1987 period alone, China plans to import 3,000 items of advanced technology," but "in order to import more, we have to export more."

The annual Sir John Keswick Memorial Lecture series started four years ago, in memory of Sir John Keswick after his death in 1982. Sir John overcame many difficulties and contributed much to the opening up of trade channels and the development of economic cooperation between Britain and China after the founding of new China. Many of those present at the lecture were old friends of China, including former British Prime Minister Edward Heath. Heath said before the lecture, "1986 is an important year in the increasingly warm relationship between the Chinese and the British peoples, as true friends." Chinese ambassador here Hu Dingyi was also present on the occasion.

CITIC is responsible for the utilization in China of foreign investment and the introduction into China of advanced technology and equipment for running joint enterprises. But CIEC is an independent consulting firm specialized in providing economic, legal and financial consulting services to both domestic and foreign clients.

ITALIAN PRAISES PRC CONTRIBUTION TO WORLD PEACE

OW161957 Beijing XINHUA in English 1541 GMT 16 Jun 86

[Text] Rome, June 16 (XINHUA) -- China's policy to break the hegemony of the United States and the Soviet Union helps contribute to world peace, said Vittorino Colombo, president of the Italy-China Economic and Cultural Exchange Association (ICECEA) today. In an interview with XINHUA and Radio Beijing on the forthcoming visit by Chinese party leader Hu Yaobang, former Senate President Colombo said that Hu's visit to Britain, Federal Germany, France and later to Italy indicates that China attaches great importance to Europe. Hu Yaobang, general secretary of the Central Committee of the Chinese Communist Party, is scheduled to arrive here on June 19 for a five-day official visit to Italy.

Colombo praised China for its positive role in the international arena, saying that China, which favors a pluralistic world structure, has chosen to break the hegemony of the two superpowers, and that participation in world affairs by Europe, China, Japan and Australia will help keep a balance of power and contribute to world peace and development. He said, "China's choice is also Italy's choice. For it is very dangerous to give the United States and the Soviet Union, the two gendarmes, a free hand to handle big issues like world peace." Stressing that "Italy needs China and vice versa," Colombo said that trade between the two countries must be beneficial to both sides and that Italy must enable China to reach a trade balance. "The ties should not be confined to the exchange of finished products and raw materials, but must also include technology transfers which will help China modernize," he added.

Speaking on the future work of the ICECEA led by him, he noted that the organization will help people in economic circles to get to know about China, which is not just a big producer of arts and crafts but has already embarked on the road of industrialization and economic development. ICECEA will also encourage Italians to invest in China, as the reform now under way there is reliable and foreign investment is profitable, he said.

FURTHER REPORTAGE ON PERUVIAN PRIME MINISTER'S VISIT

Talks With Zhao

OW131054 Beijing XINHUA in English 1035 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- Chinese Premier Zhao Ziyang said today that as long as the Third World remained underdeveloped, world stability could not be maintained. During talks here with Luis Alva Castro, chairman of Peru's Council of Ministers, Zhao said world economic conditions were tense. Because of trade protectionism practised by developed countries, the prices of farm produce and semi-finished goods were plummeting, and Third World debts were growing. "The developing countries are faced with huge difficulties," he said. From a long-term point of view, these difficulties will pose a threat not only to the Third World, but to developed countries as well. The problem is both economic and political.

The two leaders exchanged views on bilateral relations and other international affairs of mutual concern. Zhao noted the good relations between China and Peru since the establishment of diplomatic ties in 1971. They are both Third World countries, and share similar views on many significant international issues. Great potential exists for bilateral trade and economic co-operation. BEIJING XINHUA Domestic Service in Chinese at 0758 GMT on 13 June carries a similar report on the meeting which adds: "He said he believed the two countries friendship and cooperation will continue to grow."]

Regarding world affairs, Zhao pointed out that no substantial changes had occurred following the Geneva talks between the United States and the Soviet Union. The U.S. -Soviet arms race is very likely to continue, but "at present, the people of the world care about peace." "China follows an independent foreign policy of peace, not seeking alignment with any big power, opposing hegemonism, keeping to the five principles of peaceful coexistence, and always standing by the Third World and fighting for the interests of these countries," he said. He said the problem of foreign debts should be solved through the development of economies rather than through sacrificing economic developing, and added: "Debtor nations and creditor nations should hold talks and settle the problem by assuming common responsibility."

Alva agreed that China and Peru were friendly countries, and that bilateral relations had developed well since 1971. He hoped friendship and mutual support would continue. Peru pursues policies of peace, independence, non-alignment, mutual respect of sovereignty and non-interference in other nations' internal affairs, and opposes colonialism and hegemonism. Referring to debts, he said Peru would not accept the supervision of any international institution. It would make direct contacts with its debtor nation and hold talks with international financial organizations. "Peru will repay debts according to its abililty and interests, within the limit of 10 per cent of its total exports," he said.

Alva also briefed Zhao on the goals of Peru's ruling People's Party, and the endeavors of the government to fulfill these goals. Before the talks, Zhao presided over a welcoming ceremony for Alva, and met the Peruvian leader, his wife and visiting party in the Great Hall of the People.

[The XINHUA Chinese version adds: "Present at the ceremony and the meeting were Wang Bingqian, state councillor and minister of finance; and Ai Zhisheng, head of the Chinese government's reception group and minister of radio and television."]

Zhao on L.A. Tensions, Debts

OW131524 Beijing XINHUA in English 1432 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- Chinese Premier Zhao Ziyang said that tension and debts are two major obstacles to the peace and development of the Latin American countries. Speaking at a banquet he gave here this evening for Luis Alva Castro, chairman of Peru's Council of Ministers, Zhao said the two problems also seriously affect the world situation, thus causing deep concern among the international community.

"The Chinese Government resolutely supports the efforts of the Contadora and Lima Groups for peace in Central America," he said. He recalled the recent summit of five Central-American countries to explore, through direct consultation, ways to tide over the crisis and promote political, economic and social development in the region.

Zhao described the event as a demonstration of the desire of the countries and peoples of Central America to solve their own problems, which, he said, is helpful to the easing of tension in the region. Zhao continued that the Chinese people deeply sympathize with the plight of the Latin-American debtor nations. "Peruvian President Alan Garcia Perez has clearly pointed out," Zhao acknowledged, "that his country will repay its debts, but neither at the expense of its peoples interests nor by allowing deficits."

He expressed support for the position of the Cartagena Group, of which Peru is a member, that countries should develop their economies to increase their ability to repay debts, and its demand that both debtor and creditor nations share the responsibilities. "The essential way to settle the debts of the developing countries lies in reforming the irrational international financial and trade systems, and establishing a new and equitable international economic order," he added. "We favor the proposition of combining this long-term goal with the pressing problems facing the developing countries," he said.

The Chinese premier also paid tribute to the achievements of the Peruvian people in safeguarding their state sovereignty and developing their national economy and culture. The Peruvian people have contributed positively to the regional integration, unity and cooperation of the Third World countries, and peace in Latin America and the world as a whole, he said.

Zhao expressed satisfaction with the expanding cooperation between China and Peru in various fields since the establishment of diplomatic relations between them in 1971. "While visiting some South American countries last year, I personally felt the friendly feelings of the Latin-American people toward the Chinese people," he said, adding that Sino-Latin-American friendly cooperation enjoys broad prospects.

In reply, Alva said Peru and China have maintained a close relationship of cooperation and understanding. Today, he said, the two countries are facing unusual challenges with the same firmness. They are clear that only by their own efforts can they obtain future prosperity. "However, our visit and the warm reception accorded us here demonstrate that when these people grasp each other hands to show the unity of the peoples of the Third-World countries, there are no barriers that cannot be overcome," he added.

Although the two peoples live far apart, they share many common political objectives and stands, he stressed. He expressed respect for China's achievements and continued efforts for progress, and wished the country prosperity.

Meets Hu Qili

OW131435 Beijing XINHUA in English 1407 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- A senior official of the Communist Party of China (CPC) said today that his party attaches great importance to its relations with the People's Party of Peru.

Hu Qili, member of the Political Bureau and Secretariat of the CPC Central Committee, said this at a meeting with Luis Alva Castro, chairman of Peru's Council of Ministers, here this afternoon.

Hu expressed the belief that Alva's visit to China will promote the relations between the two parties based on independence, complete equality, mutual respect and non-interference in each other's internal affairs.

Hu welcomed Alva on behalf of the CPC and General Secretary Hu Yaobang, adding that before his departure for Europe, the general secretary had asked him to convey his regards to President Alan Garcia Perez, chairman of the Peruvian People's Party, through Alva.

He said that he was pleased with the achievements of the People's Party in safeguarding Peru's national independence and developing the national economy since it came to power last July.

He briefed Alva on China's political and economic development in recent years. Alva in turn briefed his host on his party's history, policies and achievements. Hu said that the two parties have a lot to learn from each other.

Alva expressed the hope that his visit will further the friendship between the two parties and the two countries. He thanked General Secretary Hu Yaobang for the 100 walking tractors he gave Peru last year. These tractors have been put to good use in his country, he added.

Deng Reviews PRC Experience

OW140958 Beijing XINHUA in English 0932 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- Senior Chinese leader Deng Xiaoping said today that China's experieces of the past 60 year proved that it was correct for a country to formulate policies based on national conditions.

China had always sought truth from facts, as was urged by the late Chairman Mao Zedong. Any other approach would result in failure, Deng said at a meeting with Luis Alva Castro, chairman of Peru's council of Ministers.

The Chinese leader reviewed the seven years since 1979, when China adopted policies aimed at building socialism with Chinese characteristics, and said good results had already been achieved. He was replying to a request by Alva for a summary of China's experiences gained during its revolutions.

Reviewing the 60-odd years since he joined the revolution at 16, Deng said: "There are two sides to the experience, one is good and successful, the other bad and unsuccessful." "China's experience can be studied but not copied," he pointed out, adding that China suffered losses after the founding of new China in 1949 because it imitated other models.

Developing countries would unavoidably meet with difficulties on their way ahead. But as long as they introduced independent policies according to their own conditions, they would succeed. "Errors are inevitable. If we draw lessons from our errors, explain them well to the people and thus win their support, we will be able to overcome the difficulties and our cause is bound to move on," Deng said.

Expressing his gratitude for Deng's remarks, Alva agreed that the Peruvian Government has also adopted policies according to its own conditions. He said he was confident Sino-Peruvian friendship and economic and technological co-operation would continue to strengthen and expand.

Deng said Alva's visit to China would play a significant role in promoting friendship between their countries and peoples. Both were developing countries, and through joint efforts they could certainly boost co-operation. He added: "With countries like ours developed, there will be more hope for world peace."

Peng Zhen on State System

OW141040 Beijing XINHUA in English 1000 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- Peng Zhen, Chairman of the Standing Committee of China's National People's Congress (NPC), said today that China's laws would not change even if the desire of any of its leaders changed. "This is because we have taken a lesson from the 'Cultural Revolution (1966-1976)'," he explained.

He made the remarks while giving a brief account on China's state system, legal system and the role of NPC to visiting Luis Alva Castro, chairman of the Council of Ministers of Peru, at a meeting today. He stated that the task of the NPC was to perfect socialist democracy and legal system so that there are laws for people to follow, and law breakers will be dealt with.

Speaking on bilateral relations, Peng said friendly relations have been set up between governments and parliaments of China and Peru. He noted that he appreciates the achievements made by Peruvian Government in developing national economy and improving people's living standard, and its effort for strengthening the unity of Latin American countries.

Alva said it is important to further strengthen the friendship between the two peoples. "This is why I am here paying a visit to your country," he told Peng. He conveyed an invitation by the president of Senate and speaker of the Chamber of Deputies of Peru to Peng to visit Peru.

Peng thanked the Peruvian parliament leaders for the invitation.

Alva Gives Return Banquet

OW150829 Beijing XINHUA Domestic Service in Chinese 1500 GMT 14 Jun 86

[Text] Beijing, 14, Jun (XINHUA) -- Luis Alva Castro, chairman of Peru's Council of Ministers, and his wife gave a return banquet here this evening. Chinese State Council Premier Zhao Ziyang was invited to attend the banquet. Speaking at the banquet, Alva said that China and Peru have many similarities, with both peoples facing great challenges in their own environment with the same determination and courage. He said that the Chinese Government has put forward proposals to Peru for cooperative projects in various fields, adding that this demonstrates China's sincerity and concrete action in strengthening and consolidating its cooperation with other developing countries.

Alva said that Peru has closely watched the arms race, especially between the great powers, which has brought mankind closer to destruction. He praised China for its efforts at disarmament and its condemnation of the arms race. He added that the arms race is undoubtedly immoral in view of the pressing needs of the hundreds of millions of people living in abject poverty.

In reply, Zhao Ziyang said: Over the last few days, the distinguished Peruvian guests had a wide range of exchanges with officials of various Chinese Government departments. The two countries share many identical or similar positions. We both pursue an independent foreign policy, are dedicated to safeguarding world peace, and contribute our share to promoting South-South cooperation, while striving to build our own countries and to develop our national economies.

Zhao Ziyang said: As members of the Third World, China and Peru have the same wish to further their friendly cooperation, which accords with the fundamental interests of their peoples. Your Excellency's visit will surely further the friendly cooperation between our two countries.

State Councillor Wang Bingqian and Chairman of the Chinese Reception Committee and Minister of Radio, Cinema, and Television Ai Zhisheng also attended the banquet.

This morning, Chairman Alva placed a wreath at the monument to the people's heroes and toured the mausoleum of Chairman Mao Zedong. He was visited by Chinese Minister of Foreign Economic relations and Trade Zheng Tuobin at the Diaoyutai State Guesthouse this afternoon.

Agreements Signed

OW151130 Beijing XINHUA in English 0940 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- Premier Zhao Ziyang and Chairman Luis Alva Castro of the Council of Ministers of the Republic of Peru signed a document on the extension of using China's loans for Peru here this afternoon. The two leaders also attended a ceremony for exchanging a ratification instrument and an approval instrument concerning an intergovernmental trade agreement and its supplementary protocol between the two countries.

Leaves for Xian

OW151213 Beijing XINHUA in English 0942 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- Chairman Luis Alva Castro of the Council of ministers of the Republic of Peru, his wife and their party left here this afternoon for a visit to Xian.

Chinese Premier Zhao Ziyang saw them off at the Diaoyutai State Guest House.

Zhao described Alva's China visit as "successful", adding that China is willing to exchange with Peru experience in developing their economy.

Alva said he had been deeply impressed by China's achievements and that Peru would make continuous efforts to promote the friendship and cooperation between the two countries. The Peruvian chairman will visit Xian in the company of Ai Zhisheng, minister of radio, film and television.

Arrives in Changzhou

OW161707 Beijing XINHUA in English 1432 GMT 16 Jun 86

[Text] Changzhou, Jiangsu Province, June 16 (XINHUA) -- Luis Alva Castro, chairman of the Council of Ministers of Peru, his wife and their party arrived here from Xian this evening in the company of Ai Zhisheng, minister of radio, film and television. Changzhou is a rising industrial city in east China's Jiangsu Province.

Among those meeting them at the airport were Vice Governor of Jiangsu Province Chen Huanyou and Mayor of Changzhou City Chen Hongchang. During their stay in Xian the guests visited the museum displaying the famous life-size terra cotta horses and armoured warriors excavated from the sites near the tomb of Qin Shi Huang, the Huaqing hot spring, the forest of tablets in Shaanxi provincial museum and the city wall of Xian.

Arrives in Guangzhou

OW171722 Beijing XINHUA in English 1512 GMT 17 Jun 86

[Text] Guangzhou, June 17 (XINHUA) -- Luis Alva Castro, chairman of the Council of Ministers of Peru, his wife and their party arrived here this afternoon from Changzhou of Jiangsu Province.

They were welcomed at the airport by Huang Qingqu, vice-governor of Guangdong Province. During their stay in Changzhou, they visited as diesel engine plant and a tractor factory, which have their products sent to Peru. Last year, one hundred walking tractors sent by General Secretary Hu Yaobang of the Chinese Communist Party Central Committee to Peru were produced by the tractor factory.

Alva thanked the plants for providing high-quality products to peru and expressed the willingness to produce walking tractors in cooperation with China.

Chen Huanyou, vice-governor of Jiangsu Province, hosted a banquet in honor of them at noon today.

XINHUA ROUNDUP ON PERU'S POSITIVE FOREIGN POLICY

OW131310 Beijing XINHUA in English 0956 GMT 13 Jun 86

["Roundup: Peru Pursues Positive Foreign Policy (by Yan Yuezhen)" -- XINHUA headline]

[Text] Lima, June 12 (XINHUA) -- Peru, with its positive foreign policy, has in the past year played an active role in the international political arena, especially in Latin American affairs.

Last July 30, two days after Alan Garcia Perez was sworn in as Peruvian president, Peru, joined by 13 other Latin American nations, issued the "Lima statement," condemning both conventional and nuclear arms buildups and calling for a Latin American integration process and regional cooperation.

Later, Peru, Argentina, Brazil and Uruguay formed the Lima group to support the Contadora Group's peace efforts in Central America.

President Garcia has recently reaffirmed his country's willingness to help bring about peace to Central America and has condenmed U.S. military aid to Nicaraguan anti-government forces.

The U.S. policy in Central America is "extremely wrong," Garcia said. "The U.S. has no reason to intervene or invade militarily into Nicaragua."

Peru will "break relations with any nation which invades Nicaragua," Garcia added.

While explicitly opposing intervention by the superpowers into Central American affairs and supporting the Contadora Group's peace efforts, Peru, by adhering to its policy of peaceful co-existance, has made great efforts to improve relations with neighboring countries.

Last October, Peru and Ecuador signed agreements strengthening cultural exchange and technical cooperation and a joint plan on the use of the Amazon River, ending a long-time territorial dispute between the two nations.

Since 1941 the two countries had been involved in frequent military clashes in the shared border area at the upper reach of the river.

Last year's exchange of visits by the Peruvian and Chilean foreign ministers was seen as important in building mutual confidence, since Peru and Chile fought a war over the saltpetre area, a nitrate mining zone, along the Pacific 100 years ago.

Early in January, Peruvian Prime Minister Luis Alva Castro arrived in Havana to become the first top Peruvian leader to visit Cuba since 1975.

Peru and Cuba have also resumed diplomatic relations at the ambassadorial level since January, ending a dispute caused by the entry of 10,000 Cubans into the Peruvian Embassy in Havana five years ago.

In a further bid to improve relations with other Latin American nations, the Peruvian leaders, including President Garcia, have paid or will pay visits to Cuba, Ecuador, Chile, Argentina, Uruguay, Panama, Bolivia and Mexico.

In addition, Peru has also experienced a steady development in its relations with other countries throughout the world. It has established diplomatic relationships with 12 Asian, African and Latin American countries since last August and new trade ties with a number of Middle East and African nations. There has also been a remarkable increase in the commercial activities between Peru and Arab countries.

The Peruvian Government advocates the establishment of a nuclear-free zone in the South Pacific, favors the integration process in Latin America and endorses economic cooperation by members of the Andean pact organization. Peru has also proposed the establishment of a Latin American monetary fund to guarantee the traditional access of Latin American countries to financial aid from international institutions especially during tough international financial circumstances.

The Peruvian Government supports the people of Africa and other parts of the world as well, in their struggle for liberation and national independence. It condemms the South African regime for its apartheid policies and the repeated invasion on Zimbabwe, Botswana and Zambia. Last August, Peru shut down its consultate in Capetown, South Africa, to demonstrate its determination to oppose racial discrimination in any form.

It also issued a strongly-worded statement denouncing the U.S. raids on Libya and terrorism in all forms.

The Peruvian Government's suggestion that only 10 percent of a country's total earnings from exports be used to repay Latin American debts has been highly endorsed by other Latin American countries.

President Alan Garcia Perez described the debt problem as a "conflict between the rich countries and the poor, the South and the North."

Luis Alva Castro, president of the Council of Ministers, said "Peru can never accept, enter into negotiations on, or tolerate the conditions which request our national independence for exchange." He called on debtors and creditors to take joint responsibility for the present foreign debt crisis.

In a recent interview with XINHUA, Alva Castro outlined his government's foreign policy. It includes opposition against imperialism, non-alignment, union with the people of all countries, Latin American integration and endorsement of self-determination for people throughout the world.

Alva Castro told XINHUA that the Peruvian Government attaches great importance to the development of Sino-Peruvian relations. Both China and Peru are active in maintaining world peace, he said, it is this ultimate goal that has closely linked the two countries.

16TH SESSION OF NPC STANDING COMMITTEE CONTINUES

New Rules for Foreign Diplomats

OW161521 Beijing XINHUA in English 1450 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- China's regulations on diplomatic privileges and immunities (draft) were submitted to the ongoing 16th Session of the National People's Congress Standing Committee for examination here today.

Vice-Foreign Minister Qian Qichen made an explanation of the draft today. He said that with the development of the domestic situation, the change of international attitude to special diplomatic treatment and, especially, the conclusion of the Vienna convention on diplomatic relations, China's existing regulations cannot meet the needs of the situation and new regulations are necessary.

He said there are now 117 foreign diplomatic entities and organs related to the United Nations in Beijing, while more and more important foreign guests are coming on temporary visits to China.

Touching on the principle behind the drafting of the new regulations, he stressed that they must conform to the Vienna Convention on Diplomatic Relations.

China joined the Vienna Convention in November 1975. Qian said it is necessary for China to add regulations to make up for omissions in the Vienna Convention, in the spirit of the convention and according to China's circumstances.

The draft provides detailed provisions on special treatment for missions and diplomatic agents, families of diplomats, members of the administrative and technical staff of missions and their families, members of the service staff and foreigners who come to China temporarily.

As for consular privileges and immunities, Qian said that China will tackle these issues with member nations of the Vienna Convention on consular relations in accordance with the convention and with non-member nations in accordance with the principles of mutual preference.

China became a member of the Vienna Convention on consular relations in July 1979.

Land Use Law Considered

OW171402 Beijing XINHUA in English 1341 GMT 17 Jun 86

[Text] Beijing, June 17 (XINHUA) -- Leaders of the National People's Congress examined today in panel discussions a new land law (draft) to stop the growing waste of China's precious farmland.

Meeting here today, members of the Standing Committee of China's highest legislative body called for quick passage of China's first land-use legislation.

Peng Dixian, vice-chairman of the Sichuan Provincial People's Congress Standing Committee, said that as agriculture is the foundation of China's economy, it is urgent to strengthen land management.

Units that fail to cultivate farmland within six months should be fined for "wasting land resources," he said. The fines could be used for farm improvements or for water conservation projects, he added.

Shen Hong, vice-chairman of the NPC Law Committee, suggested calling the new law a "land management law" rather than a "land law" to emphasize China's need to regulate use of its land.

Wu Juetian, a ranking offical of the Ihih Kung Tang (one of china's eight democratic parties) Central Committee, urged the NPC leaders to halt the casual use of farmland for such nonfarm projects as buildings and roads.

"The problem is serious," he said. "We need detailed rules and regulations as soon as possible."

ZHAO URGES DEFENSE SECTOR TO SERVE INDUSTRY

OW171236 Beijing XINHUA in English 1210 GMT 17 Jun 86

[Text] Beijing, June 17 (XINHUA) -- Chinese Premier Zhao Ziyang today asked national defense science, technology and industry units to undertake bold reforms and make a strategic shift to serve civilian production better.

The premier was addressing the participants at a meeting on defense science, technology and industry, which closed today. The meeting decided to put the potential of the military at the serve of national economic construction and the modernization program.

Ding Henggao, minister in charge of the National Defense Science, Technology and industry Commission told the meeting that units in the field had contributed much to enhancing the country's defense capability and promoting the social productive forces. The defense industry had already started civilian production, he noted. However, he added, the existing administrative structure restricts it from doing a still better job in manufacturing civilian products.

He urged scientists and workers in the industry to make use of their advantages in technology and equipment to help solve key technical problems of civilian production. Otherwise, such problems will have to be solved through introducing technology from outside, he said.

Participants at the meeting noted that due to this strategic shift in guiding principle, military production will be greatly reduced, and it is possible to put more military enterprises, workers and technical forces into national economic construction. They stressed that they were determined to work out a joint military-civilian industrial structure that would be full of vigor and vitality.

The meeting started June 11 and participants included leading figures of institutions concerned with defense science, technology and industry at the central and local levels. The premier received them today in the company of top Army leaders Yang Shangkun, Yu Qiuli, Yang Dezhi and Zhang Aiping.

FORMER BANK HEAD PUNISHED FOR MALPRACTICE

OW172013 Beijing XINHUA in English 1439 GMT 17 Jun 86

["Former Bank President Receives Suspended Death Sentence for Economic Crimes" -- XINHUA headline]

[Text] Guiyang, June 17 (XINHUA) -- A former southwest China bank president who broke the rules and embezzled more than one million yuan only to lose it to an unfaithful accomplice has received a suspended death sentence, local court officials said today.

Chen Yanchang, former president of the Agricultural Bank of Fuquan County in southwest China's Guizhou Province, was convicted in April of embezzlement, neglect of duties, and speculation with public funds by a local Intermediate People's Court, the officials said.

They said his death sentence would be reviewed in two years and carried out or commuted depending upon his behavior. Chen's appeal of the sentence was rejected June 13 by the Guizhou Higher People's Court.

Chen was charged with participation in three cases of economic crime, the largest of which involved 1.2 million yuan. Altogether, his manipulations of funds, which began in 1983, cost the bank more than 800,000 yuan, according to court officials.

One of Chen's accomplices in the largest of the three cases, Li Wenbo, a former official with the local Bureau of Commerce, was sentenced to 12 years in prison. Another convicted accomplice, Lu Daxun, a former official of the Duyun City department store in Guizhou, was sentenced to 10 years. Quan Xinqin, a local hospital nurse married to Li, received a two-year suspended sentence for her involvement in the crime. Court officials said her sentence would also be reviewed in two years. Li Lu and Quan were all convicted of speculating with public funds and profiteering in China's private economy.

Court officials said Chen first ran afoul of legitimate banking practices when he carelessly invested 400,000 yuan in a local township-owned kiln business between January 1983 and December 1984. They said the kiln's products were so inferior that they could not be sold, and the kiln went out of business. As court officials described it, in the second case, which began in January 1985, Chen moved from neglect of duty to outright fraud. He installed his son as head of a marketing supply service department he created under the bank's supervision. Aside from supplying sales services to local enterprises, the department was supposed to be a public service, giving work to young people without jobs.

The officials said Chen used his power as bank president to have the Trust Department loan his son's department 300,000 yuan, with the understanding that 40,000 yuan a year would be repaid out of the service department's profits. But, they said, the money was instead used by Chen and his son as venture capital for their own private marketing business. According to court investigations, the 1.2 million yuan swindle began in March 1985, when Li and Quan signed a 11.7 million yuan agreement to buy gunnysacks from a northeast China company. Before they had taken delivery of the sacks, they contracted with another enterprise to sell them at a much higher price.

But to make the profit, officials said, Li and Quan had to finance part of the original purchase. For that, they went to Chen. He told them he would arrange for a bank loan to leverge the purchase if they would make the bank department contolled by his son a partner in the gunnysack deal.

Once Li and Quan agreed, Chen and his son gave them 100,000 yuan out of the money they had diverted earlier in the year, said the officials. Then Chen asked his son to have his department apply for a loan of 1.1 million yuan to finance the department's participation in the gunnysack business. And he saw to it that the loan was granted.

According to the court, rather than invest the 1.1 million in the gunnysack operation, Chen had the money deposited in a bank in Guangzhou in the name of Lu, the other convicted accomplice. But apparently without telling Chen, Lu withdrew the money on April 1, 1985, and scattered it in accounts throughout China. More than 175,000 yuan still has not been recovered.

FORUM DISCUSSES EFFECTS OF 'MA DING' INCIDENT

HK171548 Beijing JINGJIXUE ZHOUBAO in Chinese 8 Jun 86 p 1

[Report: "Research Institute of Marxism-Leninism-Mao Zedong Thought Under the Academy of Social Sciences of China and the Federation of Economic Societies Jointly Hold "Ma Ding Incident and the Double-Hundred Policy' Forum"]

[Text] The Research Institute of Marxism-Leninism-Mao Zedong Thought Under the Academy of Social Sciences of China and the Federation of Economics Societies jointly held a small-type forum on the "Ma ding incident and the double-hundred principle" on 28 May. A summary of the forum is as follows:

Feng Lanrui: We are holding a small-type forum here today. Please talk about your understanding of the "double-hundred principle" concerning the "Ma Ding incident." We should like to ask Comrade Ma Ding to take the floor.

Song Longxiang (Ma Ding): I specialize in philosophy, and I am a layman and a beginner in economics. My article has brought about wide-ranging discussions at home and abroad, as well as a mighty uproar, which I never expected. My presence here today is aimed at listening to your views and learning from you.

Ma Jiaju: The principle of letting a hundred schools of thought contend should be engaged in by all schools of thought as the principle itself suggests. Things would not be successfully conducted if only the proletarian and the bourgeois were mentioned. It has been 30 years since the double-hundred principle was first proposed. The principle is still being promoted, and the crux of the question is to draw a demarcation line between a few aspects; namely, between political, and academic questions, between propaganda, and research work, between theoretical research and research work, and between academic concepts and economic strategic decisions.

Rong Wenzuo: In order to implement the "principle of letting a hundred schools of thought contend," it is necessary to bring forward socialist democracy. In the field of social sciences, bold exploration was regarded as exceeding the boundaries, and such practice would have been censured in the past; and exploration which has been proved correct through practice was not awarded with any prizes, and this isn't fair.

An award appraisal system concerning philosophy and the social sciences should be set up as quickly as possible. Those scholars who are bold at exploration and blazing new trails should be encouraged, those middle-aged and young scholars in particular.

Shi Zhengyi: We can learn much from Ma Ding's article. The economics circles should know something about philosophy. The very fact that a comrade engaged in the study of philosophy should have proposed some questions undergoing study in economics circles is worthy of our study. Many questions are awaiting exploration in the theories of our national economics, in which the principle of letting a hundred flowers bloom, letting a hundred schools of thought contend is likewise necessary.

Jiang Yingguang: Ma Ding's article has actually played a very good role. He has chosen a very good topic, which should be understood first. New York's ZHONG BAO, criticized this article. That is normal, and criticism should be welcomed. But the question is what attitude should those at home adopt. How can it work if criticism is conducted without first referring to the original text?

Cui Shaolin: The basic spirit of the double-hundred principle is to encourage the free airing of views. Problems will emerge if speeches are blocked. The implementation of the "double-hundred" principle will continue to meet with resistance from now on, and the road ahead will still be tortuous and rough. We must have a long-term plan, a strategic view, and perseverence in our practice. Otherwise, it would be very difficult for our society to make progress!

Li Zezhong: We must have faith in implementing the double-hundred principle. The Marxists doctrine as well as other doctrines develop and grow sturdy precisely through struggle. We should allow people to cite facts and to reason with facts. We must be good at drawing benefits and lessons from bourgeois economic theories; otherwise, we will never be genuine Marxists.

Wei Dianhua: The implementation of the "double-hundred" principle and the advocating of bold exploration concern not only economics circles but also literature and art circles and all academic circles. We should not set the reform of the economic structure against the building of spiritual civilization. It is necessary to promote the building of material civilization as well as the building of spiritual civilization through reform.

Zhang Xianyang: It is necessary to link the "double-hundred" principle with bringing forward socialist democracy. Academic freedom is an important component of socialist democracy, which is our right stipulated in the Constitution and must be guaranteed by the law.

SCHOLAR INTERVIEWED ON POLITICAL STUDY, REFORM

HK180151 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0313 GMT 17 Jun 86

[Report by Liu Beixian: "'Political System Reform Is Inevitable' -- Interview With Yan Jiaqi, Head of Political Research Institute, Chinese Academy of Social Sciences" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 17 Jun (ZHONGGUO XINWEN SHE) -- Some people now advocate that a reform of the political structure must be carried out simultaneously with the economic reform. This is a new trend of opinion in china.

One of the people who hold this viewpoint is Yan Jiaqi, director of the Political Research Institute of the Chinese Academy of Social Sciences.

The "Short-Term Objective: and the "Long-Term Objective"

Yan Jiaqi holds that reform of China's political structure is inevitable. As a "short-term objective," we now urgently need to reform the cadre system, the structure of government institutions, the relationship between the party and the government, the division of powers among governments at different levels, and the jurisdiction of governments at different levels. He said: The defects of the cadre system have affected the smooth development of China's economic structural reforms. Therefore, it is necessary to formulate the PRC law on state functionaries as soon as possible.

As for the "long-term objective," Yan Jiaqi said: The reform of the political structure involves things in four aspects: First, the leadership system of the party and the state should be reformed and improved, and the horizontal division of powers among government departments at the same level should be rationalized. Second, the "vertical division of power" between the central authorities and local governments should be rationalized. Third, the functions of the governments should be better defined and social institutions should undertake more affairs which were previously handled by governments so that government institutions can better play a role in state administration. Fourth, the system of people's congresses should be further improved so that the people can better participate directly or indirectly in the political decision-making process and so that the people's congresses can better play a role in exercising state power.

Yan Jiaqi said: "The ultimate purpose of reforming the political structure is to change the situation of a highly centralized leadership system and to establish a socialist political system with a high degree of democracy and a scientific decision-making structure. At the same time, this will strengthen and improve the party's leadership."

He said: In the process of reform, we should establish modern concepts and inroduce new concepts from abroad. "Western culture has not only the dross but also the essence. It also includes 'national tradition' and the 'elements which go beyond national boundaries,' and the latter is all of mankind's common culture wealth which contributes to mankind's progress and civilization." We may learn from such foreign things as scientific government management systems, supervisory systems, classification of government positions, and the use of law as a means of management.

Th Study of Politics Has Broken Into Some Forbidden Areas

Yan Jiaqi is 44 years old this year. He is the youngest research institute director in the Academy of Social Sciences, and is also comparatively young among his colleagues in the Political Research Institute.

The study of politics is a sensitive area. In China, no one was allowed to touch this area for more than 30 years. In March 1979, Deng Xiaoping proposed restoring the study of politics. Through 5 years' preparations, the Political Research Institute was finally established in July last year.

At present, this institute publishes two periodicals, namely, ZHENGZHIXUE YANJIU [THE STUDY OF POLITICS] and GUOWAI ZHENGZHUIXUE [FOREIGN POLITICS]. The scope of its research involves quite a few "forbidden areas." The institute has assigned special personnel to study such subjects as government management, the system of appointing and removing government officials, government structure, rules and regulations for parliament, and peace.

Yan Jiaqi said: "Only an open country can study politics." He recently published an article in a newspaper, saying that science is a world of "three no's": No forbidden areas, no ideology, and no peaks. He emphasized that for political science, all polticial issues can be subjects of research, and different opinions should be allowed to exist and to contend with each other. "If the issue of the political struture cannot be taken as a subject of scientific research, there will not be any effective reform of the political structure."

The study of "One Country, Two Systems"

Yan Jiaqi graduate from the Chinese Science and Technology University in 1965. A the university, he majored in physics and mathematics. He said: "At the university, I mainly studied natural science. This enabled me to naturally take the study of political phenomena and the political structure as a subject of scientific research."

After graduation from the university, he was enrolled by the Philosophy Research Institute of the Academy of Social Sciences as a postgraduate student. During the "Cultural revolution," he collected a lot of data about the political system and studied the political systems of other countries. In 1982, he published a book entitled "State Political Structure." He began to change his profession and concentrated on the study of politics when establishment of the Political Research Institute was prepared.

At present, he is busier and busier at his work as the study of politics is becoming more mature. He often publishes articles in newspapers and attends academic seminars. He is also busy with writing. A 280,000-character book "On Heads of Governments" will soon be published. This book discusses more than 460 heads of state and government leaders in various countries of the world and their power, changes, personality, and art of leadership, as well as their marriages and families.

Yan Jiaqi has also studied the Hong Kong issue and the concept of "one country, two systems." His works have been published in HONGQI, GUANGMING RIBAD, ZHENGZHIXUE YANJIU, and other journals. Once, when he met with some people of Hong Kong political circles, he proposed that Hong Kong leaders after 1997 should meet three requirements: First, they should stand for the reunification of the motherland, recognize only one china, that is, the PRC, and make contributins to the peaceful reunificatin of the motherland. Second, they should agree with the maintenance of the existing capitalist system and make contributions to the prosperity in this capitalist region. Third, they should have the ability to maintain the stability of this region.

LIAOWANG VIEWS POLICY TOWARDS RELIGIONS

HK180441 Hong Kong LIAOWANG OVERSEAS EDITION No 23, 9 Jun 86 pp 9, 10

[Article by Zhang Chunting and Han Hua: "China's Policy Towards Religions Is a Long-Term Policy -- Responsible Persons of Party and State Departments in Charge of Religion Answer LIAOWANG Reporters' Questions" -- capitalized passages published in boldface]

[Text] How can the Chinese Communists who are atheists allow theists to exist? Is the policy on the freedom of religion implemented in China an expedient measures? Will the policy be changed in the future? Many people at home and abroad still have doubts about China's policy on the freedom of religion. For this reason, our reporters paid a special visit to the responsible persons of the departments in charge of religion of the CPC Central Committee and the State Council and asked them to answer questions on this.

QUESTION: SOME PEOPLE ASK: SINCE THE CHINESE COMMUNIST PARTY BELIEVES IN MARXISM, HOW CAN IT ALLOW PEOPLE TO BELEVE IN GOD, ALLAH, BUDDHA,...?

Answer: Respect and protection of the freedom of religion is a basic policy of the Chinese Communist Party. This policy stipulates that all citizens enjoy the freedom to believe or not to believe, the freedom to believe in one religion or another, the freedom for those who belived in the past not to believe at present, and the freedom for those who did not believe in the past to believe at present. The citizens who believe and the citizens who do not are politically equal and enjoy the same rights and responsibilities. The essence of this policy shows that the question of religious belief is an ideological question concerning the citizens' freedom of choice and is totally a personal matter for the citizens.

China has her own independent policy towards religions which completely conforms with the situation in China. Marxists believe that the differences in ideology and beliefs between believers and nonbelievers is less important than unity in their political, economic, and other fundamental interests, which is of grear importance. The purpose of the Chinese Communist Party in implementing such a policy is to unite all the people who either believe or do not believe to build our socialist motherland with joint efforts. To realize this great unified goals the fundamental starting point and reason for the implementation of the policy on the freedom of religion. As to whether to believe in God, Allah, or Buddha, people can decide by themselves.

QUESTION: IS THE CHINESE COMMUNIST PARTY'S POLICY ON THE FREEDOM OF RELIGION AN EXPEDIENT MEASURE OR NOT? HOW LONG WILL THE POLICY BE IMPLEMENTED IN THE FUTURE?

Answer: It is a long-term policy which will be implemented until religions naturally die out in the future. As for how many years the policy will be implemented, no one can be certain. Basically, so long as there are people who follow religions, even a few people who follow religions, this policy will continue to be implemented. Therefore, the policy is not an expedient measure, but a long-term unchangeable policy.

As a social entity, religious organizations are still a kind of objective existence, so it is impossible for religious to die out within a short period of time. As an ideological system and a world outlook formed over a long period of time, religious belief has a strong adaptability and conservativeness, so its influence among some people in the socialist society will inevitably continue to exist for a long time in the future.

This is because the various difficulties and hardships caused by natural and man-made calamities have enabled some people to still blindly believe in the existence of superhuman forces and believe that mankind is controlled by superhuman forces and cannot cast off the influence of such forces.

Because socialist China is not in a vacuum isolated from the rest of the world, the complicated international environment surrounding her has a thousand and one links with her and a great impact on her. This situation will continue to exist for a long time in the future.

There are numerous reasons for us to cite. Basically, in the socialist society there are still no conditions for religions to die out. Only after many years of social development and when mankind has eliminated classes and greatly developed its capability to control nature, that is, only when the social roots and cognitive roots for the existence of religions have died out, will religions die out. Communists are materialists. In the opinion of communists, the emergence, development, and elimination of religion is a long historical process, so they must do things according to this objective law.

Communists do not deny that religions will eventually die out, just as they do not deny that the Communist Party and state will eventually die out. However, as to whether this means that we can try to artificially eliminate religions by relying on administrative orders within a certain period of time, disregarding the objective law of the development of history, the history of the "Cultural Revolution" has proved that it is detrimental to do so.

In the years when the "ultraleftist" line occupied a dominant position in the country, the Chinese Communist Party once made serious mistakes in its religious work. However, that was in the past. After smashing the "gang of four," the CPC Central Committee quickly and completely summed up the historical experiences and lessons in its religious work, further expounded its basic views on the question of religion in the socialist period, and reformulated its basic policies towards religion. These basic policies will be the guide for our religious work before religions die out.

Question: IN YOUR OPINION, IS THERE ANY RELATIONSHIP BETWEEN THE OVERALL IMPLEMENTATION OF THE POLICY ON THE FREEDOM OF RELIGION AND THE NEW POLICIES ADOPTED SINCE THE 3RD PLENARY SESSION OF THE 11TH CPC CENTRAL COMMITTEE?

Answer: Of course, there is. Thanks to the implementation of various new policies, an unprecedented prosperity has emerged in our country. It is under such a new situation that our religious work has taken on an unprecedentedly new look. Not long ago, Comrade Deng Xiaoping said: Among the series of new policies put forward by our party in recent years, as far as the domestic policies are concerned, there are two major policies: "One is to politically develop democracy, and the other is to carry out economic reforms and simultaneously carry out reforms in other fields."

The present good situation in China's religious field is just one manifestation of "political developing democracy." Just as one responsible person who has been charge of religious work for many years said: When we talk about our religious work, we should not only talk about the religious work itself, but should also see how the policies formulated by the central authorities regarding the question of religion conform with the will of the people and enjoy the support of the people. We should see the stability of China's social system and social life.

QUESTION: IN YOUR OPINION , WHAT CHANGES HAVE TAKEN PLACE OR ARE TAKING PLACE IN CHINA'S RELIGIOUS ORGANIZATIONS AND THE IDEOLOGICAL OUTLOOK OF THE BELIEVERS IN CHINA AS COMPARED WITH THE SITUATION IN THE PAST? DOES RELIGION HAVE ANY POSITIVE ROLE IN THE SOCIALIST SOCIETY OR NOT?

Answer: No, religion is not restricted by the social system, and all religions change when the social system changes. Compared with the situation in the old society, religion in the new China is no longer the tool used by the exploiting class to rule and oppress the people. Along with the further transformation of the socialist economic system, fundamental changes have already taken place in China's religious system, and the overall situation in China's religious circle has changed. The feudal priviliges and exploiting system in religions have been abolished. Religion has been separated from politics, law, and education. Some foreign clergymen, under the guise of religion, who had for long invaded China and enslaved the Chinese people, have been displaced by China's own patriotic clergy who observe the law and support socialism. Today, religion has become a self-run undertaking of the people who believe. The negative role of religion is being restricted and the good traditions of religion are being developed and have begun to develop along the orientation which conforms and coordinates with socialism. For example, the rational parts of some religious moral standards still conform to the building of socialist spiritual civilization, so they can play an auxiliary role. The masses of people who believe, as citizens of the socialist society, have been actively taking part in socialist construction. Many believers have also become model workers and have made contributions to the building of the modernizations in their motherland. All these certainly conform with socialism and also show that change in the relationship between religion and society are taking place and religion is playing a positive role in the society.

QUESTION: IS IT RIGHT TO SAY THAT MARX' CONCLUSION THAT "RELIGION IS THE OPIUM OF THE PEOPLE" HAS BECOME OUTDATED? IS IT RIGHT TO SAY THAT RELIGION NO LONGER HAS AN ANESTHETIC AND NEGATIVE EFFECT ON THE PEOPLE?

Answer: I don't think that it is right to say that. The conclusion that "religion is the opium of the people" is the main component of the Marxist religious outlook and is the "cornerstone." However, we cannot say that the conclusion is the whole of the Marxist religious outlook, nor can we say that religion can only play an anesthetic role. In the people's revolutionary history at home and abroad, there are examples of making use of religion to call on the people to carry out revolutions. However, we cannot negate the conclusion that "religion is the opium of the people" because of this.

Although some changes have taken place in the religious organizations and among the believers in the new socialist period, no changes have taken place in the nature of the ideology and world outlook on religion. This is because the essence of religion is still the "reflection of illusion" and "upside-down world outlook," and is still idealism in the garb of religion. The anesthetic role of religion still cannot be denied. Of course, communists do not force the religious circle and the masses who believe to accept this view. However, it is wrong to obstinately make Marxism suit and satisfy the beliefs of believers or to explain Marxism in the religious views when applying Marxism in religious studies.

QUESTION: AS FAR AS WE KNOW, IN SOME AREAS, WHILE THE POLICIES TOWARDS RELIGIONS ARE BEING IMPLEMENTED, SOME FEUDAL AND SUPERSTITIOUS ACTIVITIES HAVE AGAIN GAINED GROUND. HOW WILL YOU COPE WITH THEM? WHAT KIND OF RELATIONSHIP IS THERE BETWEEN THIS SITUATION AND THE ANESTHETIC ROLE OF RELIGION?

Answer: Religious activities refer to the normal religious activities carried out by various religious organizations and believers according to their respective religious beliefs and religious rites. These activities differ from feudal and superstitious activities. The government should protect normal religious activities and deal with the feudal and superstitious activities according to their respective situations. All the banned reactionary superstitious sects and secret societies, religious authorities, and witches are not allowed to resume their activities. All those who formerly lived on such professions as fortune-teller, face-reader, geomancer, and so on should be taught to make a living with their own labor and should be banned from cheating people with superstition, according to the law. Those who seriously harm people's lives and damage people's property must be punished according to the law. We should also issue orders and notices to ban such activities as building the patriarchal clan temples and organizing clanmen in a feudal way. Those who carry out counter revolutionary and counter socialist activities in the garb of religion must be dealt with according to the law. The anesthetic role of religion is a negative role which is innate in religion. In China, as the socialist ideology is in a dominant position, this negative role of religion is certainly being restricted. At any rate, the feudal and superstitious activities are harmful and detrimental and must be negated.

JINGJI RIBAO ON USING FOREIGN FUNDS IN RURAL AREAS

HK180234 Beijing JINGJI RIBAO in Chinese 9 Jun 86 p 2

[Article by Ying Qiu and Hui Qun: "Broad Prospects for International Cooperation in the Rural Monetary Field"]

[Text] Introducing and using foreign funds for the development of China's agriculture and commodity economy, and in particular for the development of the planting and breeding industries, animal husbandry, marine production, and processing industry in poor areas, is an effective method to invigorate the rural economy. Many countries in the world have succeeded in using foreign funds to develop their planting and breeding industries, animal husbandry, marine production, and processing industry for agricultural products, to promote their agricultural development, and to solve the problem of food and clothing as well as the materials for light and food industries.

Take India, Mexico, Pakistan, and the Philippines as examples. Agricultural development has been fast in these countries since the 1970's, and this development is described as the "green revolution." An important factor for this development is the extensive introduction of foreign funds, apart from the gradual mastery of a whole set of methods to apply and manage agricultural funds.

The Agricultural Bank of China, which has authority to introduce foreign funds and credit, has, since 1981, obtained loans totaling $168 million from international monetary organizations, to support crops and marine production and agricultural product processing industries in the rural areas of Guangxi, Hubei, Hunan, Fujian, and Anhui. Initial results have been achieved.

As agricultural enterprises have a slow capital turnover, scattered funds, poor economic results and are greatly affected by natural conditions, their loans should be for longer terms and interest rates should not be too high. This must be taken into consideration while seeking foreign loans. Most of the foreign funds the Agricultural Bank of China has obtained are from the World Bank group and the UN International Fund for Agricultural Development (IFAD). The loans it has obtained from the World Bank group have a mounted to $157 million and those from the IFAD have totaled $25 million. In addition, the Northern Europe Investment Bank has provided it with commercial loans of 25 million Swiss francs over a term of 25 years, for use in building dairy farms and milk processing farms in Hebei Province.

The World Bank group and the IFAD are international monetary organizations run by governments. They credit funds originate from donations by governments and state banks and therefore their loans require the guarantee provided by state banks or state financial organizations. Similar organizations are the International Monetary Fund, the UN International Development Association, and regional international monetary organizations including the Asian Development Bank. China is a member country of these organizations. The common characteristics of these organizations are that their loans are aimed at developing agriculture, culture, education, and health work in the most underdeveloped regions. They provide long-term at low interest rates. Some of their loans are offered without interest but with very low commitment fees or service charges. Such loans are called "soft loans" and are generally offered between governments or international monetary organizations. Loans and commercial loans with normal interest rates and duration of repayment are called "hard loans." According to the definition by the World Bank and other international monetary organizations, the "most underdeveloped regions" refer to regions with per capita annual income below $170. Some regions in China's countryside come under this category.

The management of "soft loans" is by no means soft. Take the World Bank as an example. It is very strict in selecting the rural projects for which its loans will be offered and in assessing the economic results of these projects, and its methods are scientific and advanced. The World Bank required the Agricultural Bank of China to calculate the annual input and output of every project according to a fixed formula, to assess its annual cost and economic results, to evaluate the value of money at different times, and, by excluding the factor of inflation, to use international average prices to predict the viability of every project and the competitiveness of the products it will produce.

The World Bank then made its decision based on the feasibility of the project concerned. After the project had been confirmed, a system of contract notarization, loan inspection, and guarantee was established between the Agricultural Bank of China and the World Bank. The Organization that would provide the loan was responsible for the advance delivery of 50 percent of the relevant funds. This helped enhance the sense of responsibility of the lending organization.

For the purpose of using international funds, the foreign funds department of the Agricultural Bank of China has done a great deal of work, learned advanced international methods for project evaluation, and trained specialized personnel. The Agricultural Bank of Guangxi Province used the loans provided by the World Bank to support 594 projects including growing 150,000 mu of fruit trees, building 140,000 mu of economic forests, developing 30,000 mu of marine production, and raising hundreds of thousands of domestic animals and fowls. The Agricultural Bank of Hubei Province used the loans offered by the IFAD to support 179 projects including the breeding industry and the agricultural product processing industry, solving, to a large extent, the supply of nonstaple food and food for tourists in large and medium-sized cities. Some of their products have been exported to the international market and have produced good economic results. The World Bank and other international monetary organizations have expressed satisfaction over the ability of the Agricultural Bank of China to properly arrange the use of the loans offered by them, and they have suggested providing China with new loans for expanding rural commodity production.

We can predict that there is still greater potential and brighter prospects for using foreign funds, carrying out international cooperation, and absorbing advanced foreign monetary managerial experience to make China's rural socialist economy prosperous.

XINHUA COMMENTARY ON ENTERPRISE SERVICE QUALITY

OW172347 Beijing XINHUA Domestic Service in Chinese 0109 GMT 17 Jun 86

[Excerpts] Beijing, 17 Jun (XINHUA) -- Commentary by XINHUA reporters Xia Junsheng and Yan Zhenguo: The Key To Improving Service Quality Is To Have a Correct Operational Thinking.

Currently, the service quality of some enterprises is poor because their leaders, with incorrect operational thinking, only want to make more money and infringe customers' interests at will. Of course, enterprises must consider their own economic results, but socialist commerce and service trades should never forget the fundamental purpose of serving the people and should pay attention to ensuring both good economic results and social benefits.

Can this be achieved? Let us take a look at some facts:

While counters for small commodities are becoming smaller and smaller and the variety of small commodities is becoming more and more limited in many stores, the Baiguanglu General Merchandise Market in Beijing Municipality has increased small-commodity counters from 16 to 28, carrying some 5,500 kinds of small commodity. More than 50 percent of the commodities carried by the market are small.

The Baiguanglu Market is a medium-sized market in a residential district. The market lacks famous-brand merchandies and attractive goods in great demand, and the district is unlike the busy shopping districts, where there are many shoppers. However, the market attracts many customers because it has a great variety of small commodities and a good service attitude. Many customers, coming to buy small commodities, also found it convenient to buy large merchandise there. In this way, the small commodity business has promoted the sale of large merchandise. In last 5 years, the market has doubled its volume of business and profits.

After vegetable prices were decontrolled, someone at the Chaolei Vegetable Market in Beijing Municipality suggested that the market should deal less in vegetables and sell more profitable goods. However, the party branch of the market held that, as vegetable supply concerns all families, state-run vegetable markets should never think of profit only and forget the responsibility of ensuring vegetable supply to local residents and stabilizing vegetable prices, and that they should sell even more vegetables. The Chaolei Vegetable Market has achieved good economic results, as well as good social benefits, because it has correct operational thinking and good management, and strives to sell more at a small profit.

These facts show that enterprises can achieve good economic results and social benefit simultaneously, and the key to the achievement is the leaders' having correct operational thinking. Enterprises should make profits, but the profits must be made in a decent way.

SERVICE GROUP TO HELP ENTERPRISES SOLVE PROBLEMS

HK170911 Beijing JINGJI RIBAO in Chinese 4 Jun 86 p 1

[Report by Wang Li: "Dalian Sets Up Policy Coordination Service Group To Help Enterprises Solve Problems"]

[Text] In the light of the new situation and problems that have emerged in current industrial and communications production, the principal leading cadres of the Dalian City CPC Committee and the government selected 26 enterprises including the Dalian chemical plant and Dalian iron and steel mill and two lines of trade to make an on-the-spot investigation. They adopted the method of giving different guidance to different kinds of enterprises and invigorating enterprises one by one to earnestly help enterprises solve problems and thus find a way out for enlivening Dalian's industrial enterprises in an all-round manner.

The 26 enterprises including the Dalian chemical plant yielded respectively 65, 67, and 68 percent of the gross industrial output value, before-tax profit, and total tax payments and profit delivery of all the city's state-owned industrial enterprises. The problems found in these enterprises were mainly in the following four areas: 1) how are we to enhance the enterprises capacity for self-development and self-transformation; 2) how are we to enhance enterprises' ability to export its products and earn foreign exchange; 3) how are we to improve our enterprises' economic results; and 4) how are we to actually implement the economic responsibility system and exercise staff and worker initiative.

In the light of the above-mentioned actual problems, the leading comrades of the Dalian City CPC Committee and government have made arrangements to set up a policy coordination service group and a system of regular Friday office meetings.

All the relevant coordinating departments have begun to do a large amount of specific work through the coordinated study of the regular office meetings. This has not only accelerated the process of studying and solving the problems, but also heightened enterprises' confidence in reform and invigoration. The enterprises have reflected that in the past they did not fully understand the policies. They wanted to find some people to ask, but they could not find those who know the situation. Now the leading comrades of those departments have taken the initiative to come to the enterprises to help them solve problems. This is indeed like the practice of sending charcoal in snowy weather.

Dalian City's policy coordination service work mainly has the following five characteristics:

-- the principal leading comrades of the various coordinating departments personally led teams to go deep among enterprises to learn the actual situation and thus be able to make quick decisions in solving problems.

-- the problems that can be solved within the scope of the state policies and regulations and the limit of the city's power, have all been basically solved without a shifting of responsibilty or delay.

-- accommodation has been used to solve urgent key problems and thus help enterprises to promptly overcome actual difficulties.

-- They have taken the initiative to provide service in enlivening enterprises and have not restricted themselves to solving problems at regular meetings alone. For example, the tax department has taken the initiative to collect 48 requirements from enterprises and studied and satisfied 26 of them. The bureau of price administration has satisfied four requirements put forth by enterprises outside the regular meetings.

They have adopted flexible and diversified work methods, studied large number of problems, mainly at regular meetings, and solved departmental problems through mutual consultation. When an enterprise had a lot of problems to solve, they held on-the-spot meetings there to make decisions right there.

So far, among the 74 problems related to the city's tax, labor, and price departments, industrial and commercial bank, financial department, and planning and foreign economic relations and trade committees, 50 have been solved or partially solved, accounting for two-thirds of the total number. They have not solved the rest of the problems because conditions for solving them are not mature.

'GOLDEN ROOSTER', 'HUNDRED FLOWERS' AWARDS GIVEN

OW180329 Beijing XINHUA in English 1023 GMT 17 Jun 86

[Text] Beijing, June 17 (XINHUA) -- The winners of 1985 Chinese film awards -- governmental, "Golden Rooster" and "Hundred Flowers" awards -- were announced here today.

"Our Ex-Serviceman," which shows how Chinese peasants are achieving common prosperity under the current rural economic reforms, won a governmental award for excellence as a feature film, a "Hundred Flowers" award for best feature film and a special "Golden Rooster" Prize.

"Juvenile Delinquents", which explores life inside a correction center and other social problems, and "Sunrise", a film adaption from a 50-year-old Chinese play about the tragic downfall of a high-society prostitute, won governmental awards for excellence as feature films and "Hundred Flowers" awards for best feature films. "Wild Mountain", a film dealing with how the current rural economic reforms are changing the peasants' traditional ideology, won the "Golden Rooster" for best feature film and a government award for excellence. It also won five other "Golden Rooster" awards for best director, best female leading role, best male supporting role, best sound recording and best costume. Last year, 127 full-length feature films and a large number of smaller films were made in China.

The governmental awards, formerly granted by the Ministry of Culture, are this year being award by the Ministry of Radio, Film and Television.

The "Golden Rooster" awards are given by the Chinese Film Association and the "Hundred Flowers" awards are given after an audience poll in the POPULAR FILM monthly magazine, which has a circulation of three million.

Altogether there are 11 winners of the governmental awards for excellent feature films, including "A Fascinating Band", "The Black Cannon Incident" and "The Tramp and the Swan". There is only one winner of the "Golden Rooster" for best feature film, and three winners of the "Hundred Flowers" for best feature film.

Both the governmental and "Golden Rooster" prizes include sections for best children's films, best documentaries, best science and educational films and best animated films.

The governmental prizes do not include individual sections. Following is a list of major individual winners of the "Golden Rooster", and a full list of personal winners of the "Hundred Flowers":

"Golden Rooster": Best Director Yan Xueshu ("Wild Mountain"); Best Male Leading Role Liu Zifeng ("The Black Cannon Incident"); Best Female Leading Role Yue Hong ("Wild Mountain"); Best Male Supporting Role Xin Ming ("Wild Mountain"); Best Female Supporting Role Wang Fuli ("Sunrise"); Best Camera Work Zheng Kangzhen and Zhao Xiaoshi ("A Folk Musician's Experience"); Best Scenarists Cao Yu and his daughter, Wan Fang, who adapted Cao's play, "Sunrise," for the film of the same name.

"Hundred Flowers": Best Male Leading Role Yang Zaibao ("Acting Mayor"); Best Female Leading Role Fang Shu ("Sunrise"); Best Male Supporting Role Chen Yude ("Our Ex-Serviceman"); Best Female Supporting Role Wang Fuli ("Sunrise").

CHINA DAILY Report

HK180303 Beijing CHINA DAILY in English 18 Jun 86 p 1

[By staff reporter Wu Xiaoming]

[Excerpts] The film "Wild Mountains," which reflects Chinese farmers' changing lifestyles and values, has won Best Film in the Golden Rooster Awards, China's equivalent to the Oscars.

Liu Zifeng was awarded Best Actor for his role in "The Black Cannon Incident," probably one of the country's most controversial films in recent years.

"We tried to see that most of the jurors were older or middle-aged artists, with a certain proportion of young people," said Zhang Qing, the association's spokeswoman. "It's quite natural for the results of the three prizes to be different," Zhang said. Some of the prize-winning films, such as the "Gunshot in the Suolun River Valley" and "The Black Cannon Incident," have not yet been released to the public. The prize-giving ceremony for all three awards will be held in Beijing this autumn.

PENG ZHEN ON IMPORTANCE OF YANAN SPIRIT, STYLE

OW141225 Beijing XINHUA Domestic Service in Chinese 1413 GMT 13 Jun 86

[By reporters Ma Jiqi and Ji Shangzhi]

[Text] Xian, 13 Jun (XINHUA) -- During his recent inspection trip in Shaanxi Province, Comrade Peng Zhen pointed out that it is necessary to inherit and carry forward the Yanan spirit and work style while carrying out socialist construction.

Peng Zhen arrived in Xian from Luoyang on 6 June. On the afternoon of 11 June, he addressed a meeting attended by leading cadres of Shaanxi Province and Xian.

Peng Zhen said: Yanan spirit and work style are the heirlooms of our revolution. They mean that we must seek truth from facts, and serve the people wholeheartedly. Today China's socialist construction is in progress, and reform is being carried out in all economic sectors. Thus, we must proceed from these "facts," find out their laws, and work according to objective law. Only by doing this can we minimize or avoid subjectivism, recklessness, and major mistakes.

Pen Zhen said: Serving the people wholeheartedly is our party's only objective as well as our party's fine tradition and work style developed in the Yanan days. As in the past, it serves now and will continue to serve as a guiding principle for the conduct of each and every communist. Today some communists have forgotten this fundamental obligation and have abused their power for personal gain and engaged in various other irregularities. This runs counter to our party's objective. While we improve party conduct today, we should educate all party members on the need to serve the people wholeheartedly. Each and every Communist Party member must keep in mind that they are the servants of the people and not their masters, and that they have the obligation only to serve the people wholeheartedly, not the privilege to abuse their power for personal gains.

Peng Zhen said: Self-reliance and hard work should continue to be stressed in the realization of China's modernization program. Self-reliance and hard work are an important aspect of the Yanan spirit and work style. He said: Emphasizing self-reliance and hard work does not mean that we should not study and introduce advanced foreign technology.

On the contrary, we think that a socialist society and a communist society can be built only by utilizing the achievements of scientific, technological, and cultural development of the world. To study and introduce advanced technology from foreign countries in order to expedite China's socialist construction, it is absolutely essential for the country to have a policy of opening to the outside world. This policy does not run counter to the spirit of the party which, during its Yanan days, stressed the need of foreign assistance on the basis of self-reliance.

RENOVATION OF CONFUCIUS' BIRTHPLACE PLANNED

OW141356 Beijing XINHUA in English 1332 GMT 14 Jun 86

[Text] Jinan, June 14 (XINHUA) -- The Chinese Government plans to allocate 12.9 million yuan in the next five years to repair buildings and relics in Qufu, Shandong Province, the birthplace of Confucius (551-479 B.C.), China's most famous philosopher, a local official said today.

Kong Xianglin, a direct descendant of Confucius and president of the Qufu County Cultural Relics Committee, said that the planned allocation is 1.8 times the figure for the previous 36 years.

The money will be used to repair the manor of Confucius' descendants and the Confucian temple and surroundings, install fire warning and telephone systems, clear unsightly buildings and lay underground sewage pipes.

Some 300 workers are already working on the temple and manor. Repair work on the Kuiwen Pavilion -- a major building in the Confucian temple -- is estimated to cost 1.2 million yuan and is scheduled to be completed this year.

Almost all the relics damaged during the "Cultural Revolution" (1966-76) have been restored, Kong said.

Qufu, founded during the Western Zhou Dynasty (11th century -771 B.C.) is a major tourist attraction and a center for studying confucianism and traditional Chinese culture.

Since 1979, the number of tourists has increased at an annual rate of 30 percent to reach 1.3 million last year.

YU QIULI ON ARMED FORCES FINANCIAL INSPECTION

OW170451 Beijing XINHUA Domestic Service in Chinese 1529 GMT 16 Jun 86

[Text] Beijing, 16 Jun (XINHUA) -- At a briefing on a general inspection of the observance of financial and economic regulations throughout the Armed Forces, Yu Qiuli, deputy secretary general of the Central Military Commission and director of the PLA General Political Department, pointed out this afternoon: Making a general inspection of the observance of financial and economic regulations throughout the Armed Forces is an important measure to strengthen the revolutionization, modernization, and regularization of our Armed Forces. To do a good job in financial management, it is necessary to improve and strengthen the financial and economic systems step by step, in addition to stepping up ideological education in this regard. Besides, it is also necessary to have a supervision and inspection system to ensure the implementation of the financial and economic systems.

Yang Shangkun, Yang Dezhi, Zhang Aiping, and Hong Xuezhi heard the briefing, at which Yu Giuli spoke on behalf ot eh Central Military Commission. He said: The general inspection of the observance of financial and economic regulations throughout the Armed Forces started in March this year. The inspection shows that the Armed Forces have strictly implemented the principles, policies, rules, and discipline laid down by the party Central Committee, the State Council, and the Central Military Commission. However, some problems have also been discovered through the inspection. Facts show that it is very necessary to make such a general inspection of the observance of financial and economic regulations, which is of great significance in stopping violations of the law and discipline, improving our work, rectifying our party style, and promoting Army building.

Yu Giuli aid: In handling the problems discovered through the inspection, it is necessary to uphold principles and act with party spirit. Those violating financial and economic regulations or party discipline and state law, no matter which leadership level or who is involved, should be dealt with sternly, without sparing anyone's sensibilities or being accommodating and indulgent toward anyone. When the facts of a case are certified, a decision on it must be promptly made, and it must not be put off for long. Under no circumstances must big problems be turned into small ones and small problems into no problem at all. Party organizations at all levels and all Communist Party members must take a clear-cut stand and must not practice favoritism as a matter of principle.

On instituting and improving various systems in the Armed Forces from now on, Yu Giuli said: To effectively do the work of financial management, it is necessary to have supervision and inspection within the financial departments, by auditing organs, and by discipline inspection departments. In addition, it is also necessary to give full scope to democracy and to rely on the masses for supervision and inspection. Only thus will it be possible to ensure the correct implementation of the financial and economic systems.

YU QIULI AT PLA PUBLISHING HOUSE ANNIVERSARY

OW162014 Beijing Domestic Service in Mandarin 1100 GMT 14 Jun 86

[Text] The PLA Literary and Art Publishing House held a meeting to mark its 35th anniversary. At the meeting, Comrade Yu Qiuli claled on the comrades doing editing and publishing work to put social education in the first place, and urged them to play a special role in the building of socialist spiritual civilization.

RONG YIREN, FAMILY HONORED AT BANQUET

OW161945 Beijing XINHUA in English 1516 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Rong Yiren, vice-chairman of the National People's Congress Standing Committee, and some 200 of his relatives from eight countries and regions were honored at a banquet here tonight.

Party and state leaders Wan Li, Hi Qili, Chen Pixian,Peng Chong and Zhu Xuefan joined them at the the banquet, which was given by the National Committee of the Chinese People's Politicial Consultative Conference and the United Front Work Departments of the Chinese Communist Party Central Committee.

Rong Yiren is also chairman of the Board of Directors of the China International Trust and Investment Corporation (CITIC).

Many of Rong's relatives have made contributions to the development of China's national industry and commerce. Among them, Rong Zongjing and Rong Desheng set up flour mills, textile factories and machinery plants.

Speaking at the banquet, Yan Mingfu, head of the United Front Work Department, said, "We hope that the Rong relatives will make fresh contributions to China's open policy and the peaceful reunification of the motherland."

Rong Erren, who is Rong Yiren's elder brother, said, "It has been our long-standing desire to be reunited in China." He added that the Rong family would do its best to contribute to China's modernization.

The Rong relatives attended a theatrical performance following the banquet.

The Rong relatives are in China at the invitation of Rong Yiren.

FANG YI OPENS BEIJING HISTORICAL S&T EXHIBIT

OW091421 Beijing XINHUA in English 1342 GMT 9 Jun 86

[Text] Beijing, June 9 (XINHUA) -- Miniature warplanes and ships engaged in fierce battles, reproductions of traditional Chinese musical instruments performing ancient musical pieces and advanced Chinese character processors are on display at a national exhibition of technical findings by culture workers which opened here today at the China Art Gallery.

The first of its kind since the founding of the People's Republic in 1949, the exhibition is jointly sponsored by the Ministry of Culture and the Ministry of Radio, Film and Television.

The exhibition occupies four halls -- devoted to film, art, publishing and printing, and cultural relics and books. A trade fair and technical exchange will also be held during the exhibition.

Most of the exhibits are scientific and technological research findings achieved by Cultural Affairs Departments since the national science conference in 1978. Of them, 375 have received awards from the Ministry of Culture and four have received national prizes.

The exhibition and the trade fair will help publicize these research achievements and contribute to the nations cultural progress, an official. of the Ministry of Culture told XINHUA.

State Councillor Fang Yi cut the ribbon for the exhibition, which will last through June 25.

WANG YUZHAO ADDRESSES ANHUI MILITARY MEETING

OW110423 Hefei ANHUI RIBAO in Chinese 27 May 86 p 1

[Excerpts] The party committee of the provincial Military District held a meeting of first secretaries of party committees in units under the provincial military district from 21 to 24 May. The meeting earnestly made concrete arrangements for implementing the central authorities' important instructions on the work of the Armed Forces in the new period and putting People's Armed Forces departments under local authorities.

In accordance with the central authorities' requirements, all country-level People's Armed Forces departments in the province will be put under local authorities before the end of June. This major reform meets the needs of national economic construction, and it is part of the Army structural reform and reduction-in strength reorganization.

Li Yuanxi, commander of the provincial Military District, delivered an opening speech at the meeting. Zhang Linyuan, member of the Standing Committee of the Provincial CPC Committee and political commissar of the provincial Military District, made a report entitled "Adapt Ourselves to a Strategic Shift, Do a Good Job in Putting People's Armed Forces Departments Under Local Authorities, and Further Bring About a New Situation in the Work of the Militia and Reserve Forces." Tang Zhen, commissioner of the Suxian Prefectural Administrative Office, briefed those present on experiments aimed at putting the Suxian County and Suzhou City People's Armed Forces Departments under local authorities. Wang Yuzhao, deputy secretary of the provincial CPC Committee, chairman of the provincial People's Armed Forces commission and governor of the province, made an important speech at the meeting. He particularly pointed out: Reducing the number of Armed Forces members by 1 million and putting country (city and district) People's Armed Forces Departments under local authorities are a major reform in the structure of the Armed Forces. This absolutely does not mean, however, that the effort to build the reserve forces for national defense has been weakened. Under no circumstances must we regard the work of the militia and reserve forces as not essential. We must further enhance our understanding and achieve unity in thinking. We must clearly understand the status and role of the work of the militia and reserve forces in the new situation and strengthen our leadership over this work. From now on, the secretaries of prefectural, city, and county (district) party committees will serve concurrently as secretaries of the party committees of military subdistricts or People's Armed Forces departments. Consequently, their responsibility for the work of the People's Armed Forces will be heavier than now, and they must play a leading role in the party's taking care of the Armed Forces.

Present were Yang Yangliang [2799 3057 5328], member of the Standing Committee of the provincial CPC Committee, Shao Ming, vice governor; and Guo Shengkun, Zhang Jinbao, Zhang Honggui, Lu Kuangheng, and Xue Ruiyang, leaders of the provincial Military District.

All prefectural, city, and county (district) party committee secretaries, military subdistrict commanders and political commissars, and People's Armed Forces department directors and political commissars throughout the province attended the meeting, totaling 430 persons.

GUANGDONG TO ENACT 40 ECONOMIC DECREES FOR SEZ

OW111449 Beijing XINHUA in English 1420 GMT 11 Jun 86

[Text] Guangzhou, June 11 (XINHUA) -- Guangdong Province plans to enact 40 economic decrees and regulations to facilitate the construction of special economic zones (SEZ), use of foreign funds and financial reform, a provincial official disclosed here today.

The official, in charge of legal matters, said that the new decrees and regulations of special interest to overseas businessmen cover bankruptcy of business involving overseas capital in an SEZ, administration of economic and technological development zones, planning and construction of the Shantou SEZ, and inspection and monitoring of imports and exports.

Other local regulations involve financial reform and measures for control of stocks and bonds, monitoring labor protection, management of the labor contract system, and protection of farm land, forestry, soil and water. Of these, he said, 14 have already been issued. The rest, including one on investment in SEZ, will be published later this year.

Since 1978, China has made great efforts to reconstruct the legal system which was disrupted during the 1966-76 "Cultural Revolution". The National People's Congress and its Standing Committee have enacted 49 new laws. Provincial-level people's congresses and their standing committees have formulated 695 local decrees, including 110 by Guangdong Province.

Guangdong authorities will also draft another 69 decrees and regulations this year. Those drafts will be published next year. In the next five years, the province intends to make further legislative efforts in the following fields: 1) regulations on specal economic zones, economic and technological development zones and the Pearl River Delta to guarantee implementation of the special policies and flexible measures in these reas; 2) regulations to legalize policies and management methods proved to be effective in recent years; 3) regulations on macro-economic control to ensure the healthy ecoomic development of Guangdong; 4) regulations on socialist culture and ethics; and 5) rule to implement state laws and decrees.

HAINAN: PEOPLE'S ARMED FORCES TRANSFER COMPLETED

HK160815 Haikou Hainan Island Service in Mandarin 0300 GMT 16 Jun 86

[Text] The work of transferring 18 city and county People's Armed Forces departments to the local authority was successfully completed on 15 June.

At the transfer meetings in all cities and counties, responsible comrades of the party and government of Hainan Region and Autonomous Prefecture, and of their leadership organs, went to extend greetings. The Hainan Military District presented silk banners to all city and county CPC committees, governments, and People's Armed Forces departments. All county and city CPC committees and governments expressed a warm welcome to all cadres, staff members, and workers of the People's Armed Forces departments, while young pioneers presented fresh flowers to them.

The work of handing over the city and county People's Armed Forces departments to the local authority commenced in March this year. CPC committees, governments at all levels, and military departments, strengthened leadership, engaged in careful organization, made a concerted effort, seriously formulated the transfer program, and studied methods of solving practical problems in the course of the transfer. Some leading comrades of the Hainan Regional CPC Committee, government, and Hainan Region went to conduct penetrating investigation and study, carried out inspection, and gave guidance. In conjunction with party rectification, all county and city People's Armed Forces departments conducted education in taking the overall situation into consideration, in being subordinated to the party's arrangements, and in cherishing the previous island, mountainous areas, Armed Forces, and the areas of minority nationalities. They carried out heart-to-heart talks and constantly strengthened the People's Armed Forces cadres' sense of glory and sense of responsibility.

In the course of transfering, CPC committees and governments at all levels and departments concerned, properly solved the problems of People's Armed Forces cadres' housing, of employment for their family members and children, and of funds and eliminated their troubles back at home. The People's Armed Forces cadres, staff members, workers, and retired cadres took the overall situation into consideration, aid stress on unity, abided by discipline, and with the spirit of a high degree of responsibility, worked hard to keep archives, weapons, equipment, and barrack property and instruments well, to keep their barracks tidy and clean, and to make inventories. They resisted unhealthy trends and guaranteed the smooth progress of the transfer work.

HAINAN IDENTIFIES PROJECTS FOR FOREIGN INVESTMENT

HK170350 Beijing RENMIN RIBAO in Chinese 11 Jun 86 p 5

[Report by Feng Xiao: "Hainan Enumerates 14 Projects for Foreign Investment"]

[Text] Hainan has enumerated the following 14 new projects this year for foreign investment:

1. The Chang Jiang Cement Plant -- An investment of $35 million and 5 million yuan will be required to build a plant that can produce 600,000 tons of cement a year. The project will be sponsored by the Hainan Building Materials Industrial Company.

2. An activated carbon plant -- The project, sponsored by the Wenchang Food Products Factory, requires an investment of $800,000 to build a plant that can produce 5 million tons of activated carbon a year.

3. Quartz extraction -- A total investment of 3 million yuan, including $600,000 in foreign capital, will be required to extract 100,000 tons of quartz a year. The project will be sponsored by the Hainan Building Materials Industrial Company.

4. A carpet factory -- The project, sponsored by Haikou's Nanhai Coconut and Palm Products Factory, requires an investment of $700,000 to import a carpet production line that can produce 800,000 square meters of carpet a year.

5. Rubber tree treatment and furniture processing -- The project, sponsored by Haikou's Furniture Factory No 2, requires an investment of $1.45 million, including $1.09 million in foreign capital.

The 5 projects mentioned above will be carried out by means of compensation trade and 50 to 80 percent of the products will be marketed locally.

6. A titanium dioxide plant -- The project, sponsored by the Hainan Metallurgical Bureau, requires an investment of $125 million to build a plant that can produce 30,000 tons of titanium dioxide a year.

7. A mean-density fiberboard plant -- The project, under the auspices of the Hainan Forestry Complex, requires an investment of $6.64 million, including $4.5 million in foreign capital, to build a plant that can produce 30,000 cubic meters of fiberboard annually.

8. A steel, wood, and rattan furniture factory -- The project, sponsored by the autonomous prefecture development company, requires an investment of $900,000, including $540,000 in foreign capital.

9. Cocoa cultivation and processing -- A total of 5,000 mu of cocoa will be planted and a considerable amount of investment will be required to import improved varieties of cocoa and a full set of processing equipment. The project is sponsored by the Hainan Reclamation Development Company.

10. Pineapple cultivation and processing -- The project, under the auspices of the Hainan Reclamation Development Company, requires an investment of $7.17 million, including $1.1 million in foreign capital.

11. Prawn breeding -- The first stage of the project, sponsored by the Hainan Reclamation Development Company, requires an investment of $2 million.

Projects 6 through 8 will be carried out by means of joint management, while 9 through 11 will be carried out by means of joint production. Over 50 percent of some products and 100 percent of others will be marketed locally.

12. Leanmeat pig raising -- The project, sponsored by the Hainan Bureau of Agriculture and the Hainan Foodstuffs Import and Export Company, requires an investment of $5 million, including $2.5 million in foreign capital, to import fine breeds of pigs.

13. Coffee cultivation and processing -- The Hainan Reclamation Development Company will be responsible for the project. A total investment of $6.32 million, including $1 million in foreign capital, is required.

14. Cow raising and processing of milk products -- The project, sponsored by the Hanan Bureau of Agriculture, requires an investment of $5 million.

The three projects mentioned above will be carried out by means of joint operation and 70 to 80 percent of the products will be marketed locally.

Hong Kong, Macao, and Taiwan compatriots, Chinese nationals residing abroad, and foreign businessmen are invited to come to Hainan to select projects for investment.

HENAN CADRES' 'ROUGH' METHODS WRECK VILLAGE PLANNING

HK160355 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 15 Junh 86

[Excerpts] (Suanzhangkou) village of Cuanzhuang township in Jixian County has applied simple and rough methods in planning the construction of the village, instead of basing the work on local realities. Houses have been demolished and trees destroyed, causing strong resentment among the masses.

(Suanzhangkou) is a poor village. On average each of its 469 inhabitants is in debt to the tune of more than 100 yuan. Ignoring the local economic conditions and the masses' desires, a small number of village cadres drew up a construction plan for demolition and construction on a grand scale, to build (Suanzhangkou) into a new village. Violating the spirit of the provincial government's relevant document, they failed to seek the masses' views or to gain upper-level approval for the plan, but instead simply forced it through. At the end of January and the beginning of February this year, they took drastic action by spending money levied from the masses on hiring a number of people from other villages; they wined and dined these people and paid them wages with this money, while forcing the people of the village to demolish their houses and cut down the trees.

As an example of what happened, villager (Gu Shiqing) was forced to move out of his house. His family was harshly treated by the village cadres. Villages party branch secretary (Chen Quanhua) and villagers' committee chairman (Gu Jiezhen) took no notice of his entreaties and went so far as to evict his 68-year-old father from the house into the bitter cold, while forcing (Gu Shiqing) to demolish the house. Eight pear trees in the countryard were cut down. The old man tried to hang himself, but was saved by someone who discovered him.

The masses of (Suanzhangkou) village strongly resented the actions of the village cadres. They sent representatives on 61 occasions to report the situation to the departments and leaders concerned to township, country, and city. On 6 March, the country forestry bureau sent a 6-man investigation team headed by a deputy bureau chief to the village to find out what had happened. They visited each household and also verified the facts with the village cadres. They reported to the county CPC Committee and government on 7 March, pointing out that the actions of the (Suanzhangkou) village cadres ran counter to the masses' desires and violated law and discipline to a serious extent. They recommended that the matter be seriously investigated and that those responsible be held accountable.

However, it was not until 16 March that the county planning and construction commission, which was responsible for village construction, sent a 4-man team to (Suanzhangkou) to investigate. They arrived at 1500 and left at 1710. During this period they stayed in the company of village party branch secretary (Chen Quanhua). The team affirmed that the main orientation of the village cadres was correct, and demanded that the township authorities encourage and support them. They also wrote up an investigation report and sent it to the county leadership.

Faced with two totally different investigation reports, the county CPC Committee and government failed to send anyone to the village to find out the truth, nor did they carry out any further investigation. The problem of the village was only brought up for discussion at a meeting attended by responsible comrades of the county at the end of May. Due to the differences between the two investigation reports, no views on dealing with the matter were put forward. The problems of this village are still unresolved today.

HENAN COMMENTARY DEMANDS IMPROVED CADRE WORK STYLE

HK160357 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 15 Jun 86

[Station commentary: "Do Not Turn a Good Thing Into a Bad Thing"]

[Excerpts] If something that was originally good is handled by people with incorrect thinking and work style, it may turn into a bad thing. The problem that has occurred at (Suanzhangkou) village in Jixian County is a typical example of this. The aim of planning village construction is to promote rural economic construction and all undertakings. This is in fact a very good thing. However, the cadres of (Suanzhangkou) village adopted simple and rough methods.

In May last year, in view of the work style problems of grass-roots cadres in Henan, Comrade Hu Yaobang wrote an important comment demanding that people be disposed to resolve these problems within about 2 years. The provincial CPC Committee subsequently issued a document on seriously rectifying cadre work style. However the cadres of (Suanzhangkou) village totally ignored the comment of the leading central comrade and the views of the provincial CPC Committee and simply did their own thing. This resulted in serious violation of law and discipline.

It should be noted that when some people from the department in charge went to (Suanzhangkou) to carry out a so-called investigation, they held that the main orientation of the village cadres was correct and demanded that the township cadres encourage and support them. "The main orientation is correct," this term of the Cultural Revolution, is still around, and it is evident how deeply its poison runs. If you want to talk about main orientation, then our main orientation can only be to achieve the general goal and task for the end of the century set by the CPC Central Committee, this is in the fundamental interests of the masses. Are you trying to say that those people who ignore party instructions and the masses' interests and seriously violate law and discipline by issuing compulsory orders have a correct main orientation?

The problem that has occurred at (Suanzhangkou) tells us that the question of cadre work style is a major issue that cannot be neglected. It is now a year since Comrade Hu Yaobang's comment on the work style problems of Henan grass-roots cadres was issued and the provincial CPC Committee's document was transmitted. During this period, the province has carried out rectification of cadre work style in conjunction with party rectification. Marked achievements have been scored. However, we must not overestimate the achievements in rectifying cadre work style.

To meet the demand for solving the cadre work style problem in about 2 years, and to avoid a repeat of incidents like that at (Suanzhangkou), we must organize the cadres to restudy Comrade Hu Yaobang's comment and the provincial CPC Committee's document and also seriously review its implementation.

GUIZHOU MEETING STRESSES CORRECTING MALPRACTICES

HK060255 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 5 Jun 86

[Excerpts] At the fourth report meeting on straightening out party style in the provinical organs, convened on 5 June by the CPC Committee of the organs, Liu Hanzhen, secretary of the committee and secretary of the provincial Discipline Inspection Commission, said that in currently straightening out unhealthy trends, it is necessary to do a good job in tidying up discipline and correcting sectoral malpractices while grasping major and important cases. In this way there will be a further turn for the better in party style.

Comrade Liu Hanzhen said: The provincial organs have scored great success in correcting unhealthy trends. They have further straightened out party style and investigated and dealt with a number of major and important cases. However, there is still slackness in discipline. Unhealthy trends in the ideological and political fields remain serious. Their main expressions are as follows:

1. Political liberalism. Certain cadres and party members randomly fire off their views on party policies on all kinds of occasions. Instead of speaking out at party meetings, they talk in an indiscriminate fashion outside the meetings. They tolerate erroneous words and deeds instead of criticizing and boycotting them.

2. Irresponsible bureaucratism remains very serious. People who pursue this are divorced from reality and the masses and lack the proper sense of responsibiltiy toward the cause of the party and people, to the extent of causing economic losses and a bad political impact.

3. There is serious ideological individualism and selfishness. Such people beg their organization for power and official posts. Some also try to get things done by means of cultivating relationships, enter by the back door, and organize factions.

Although these negative things do not constitute the main current, they have seriously damaged the party style and social mood and harmed the prestige of the party and government. They have aroused discontent among the party members, cadres, and masses. There can be no fundamental turn for the better in party style and social mood unless these things are straightened out and corrected. While grasping major and important cases, we must therefore tidy up discipline and correct unhealthy trends in the ideological and political fields.

Comrade Liu Hanzhen stressed: We must correct sectoral malpractices. The leaders at all levels must attach great importance to this work and get a thoroughly good grasp of it.

SICHUAN CURBS UNHEALTHY TRENDS IN FOREIGN AFFAIRS WORK

HK090209 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 8 Jun 86

[Text] According to SICHUAN RIBAO, in close connection with the reality of foreign affairs work, the province's foreign affairs departments have seized on universal problems that arouse great objections among the masses and worked hard to correct unhealthy trends and carry out in depth the work of straightening out the party style.

In the second half of last year, the central authorities issued a number of circulars on curbing the practice of randomly sending groups and individuals on trips abroad. After investigating and taking stock of the situation, the provincial foreign affairs office discovered that problems of this type had also occurred in Sichuan. The office held that these problems constituted a new unhealthy trend amid the new situation of opening up to the world, and that resolute action must be taken to correct it. Last October, with the agreement of the provincial CPC Committee, a foreign affairs work leadership group was specially set up, which formulated jurisdiction powers regarding approval for temporarily sending people abroad and inviting people abroad to visit.

As a result of strict adherence to the foreign visit procedures, the pactice of randomly sending groups and individuals on visits abroad has been effectively curbed. The number of groups sent abroad from January to May was 55 less than in the same period last year, while the number of individuals sent declined by 42 percent.

XIZANG HOLDS ON-THE-SPOT MEETING ON PARTY STYLE

HK131357 Lhasa Xizang Regional Service in Mandarin 1130 GMT 11 Jun 86

[Excerpts] In order to impel the comprehensive development of straightening out party style in factories, mines, and enterprises and throughout the region and do a good job in straightening out party style, on 10 and 11 May, the regional CPP Committee's leadership group for straightening out party style and the regional Discipline Inspection Commission held an on-the-spot meeting in the regional machinery repairing and assembly plant on straightening out party style.

The regional machinery repairing and assembly plant is an enterprise which has some 300 staff members and workers and which regards the repairing and assembling of motor vehicles as its main work. Over the past few years, this plan has ensured good party style, persistently regarded the regulation of the market as the main work, promoted business, and has ben bold in carrying out reform. This plant has become the first advanced enterprise in the whole region.

At the on-the-spot meeting, some 500 leading comrades from all regional departments, bureaus, and commissions, Lhasa City, and some factories, mines, and enterprises listened to a report on the experience of the machinery repairing plant in doing well in grasping the building of party style and promoting economic development, which was made by (Lou Jin), machinery repairing plant CPC Committee secretary and to reports made by comrades on doing a good job in national unity, on acting as good workshop supervisors and shift and group heads, and on young people who made a slip and who turned from bad people to good people.

All of them unanimously praised the machinery repairing plant for doing work well. They declared that they would bring the machinery repairing plant's experience back and straighten out the party style of their own systems, units, and enterprises, do well in reforming their structures and enterprises, and make more contributions toward invigorating Xizang's economy.

Attending the on-the-spot meeting were leading comrades of the regional CPC committee and regional Discipline Inspection Commission, including Basang, Dangzin, Gyanincain Norbu, and (Yuxi Duoma).

When the meeting was about to conclude, Comrade Basang, regional CPC Committee deputy secretary and regional Discipline Inspection Commission secretary, delivered an important speech. He demanded: CPC committees and party groups at all levels and party members throughout the region must further correct guiding ideology, unify understanding, do well in grasping the positive and negative examples, strengthen education in party spirit, party style, and party discipline, enhance party members' and cadres' ideological conscientiousness, and strengthen immunity [against bad party style]. They must strengthen ideological and political work in the new situation and give further play to the vanguard and exemplary role of party members. They must give full play to the masses' role of supervising party members and cadres. They must draw a clear demarcation line between reform and unhealthy trends, vigorously do well in reforming enterprises, and really straighten out party style.

XIZANG COMMENTARY ON PROBLEMS IN BUILDING PARTY STYLE

HK131401 Lhasa Xizang Regional Service in Mandarin 1130 GMT 11 Jun 86

[Station commentary: "Straighten Out Party Style in a Down-to-Earth Manner"]

[Excerpts] If a unit wants to do its work well and if an enterprise wants to increase production, it is extremely important to do well in building party style. The regional machinery repairing plant can exist in the course of competition and find a new way in the face of a severe test. One of the important reasons is that this plant's party style is good. Good party style can bring about good factory work style and good factory work style can bring about national unity. This experience should be seriously learned by all trades and professions and used by them for reference.

At present, the progress of the work of straightening out party style in our region is, as a whole, healthy and the situation is good. However, we must see that the work of straightening out party style has been started for a short time and has developed very unevenly. Some units and leading comrades have lacked necessary understanding of the work of straightening out party style and have not seriously and vigorously grasped the work of straightening out party style. Results are not marked. Some are afraid of tackling tough problems, have not vigorously investigated and dealt with big and important cases, and have progressed slowly. Some others are weak and have not dealt with things which, they know, are incorrect. Our attention must be drawn to these problems.

At present, our region's structural reform is being tensely carried out. In what kind of mental state shall we deal with this reform? This is a touchstone for testing whether our party style is correct or not. Some people are too impatient to wait. This state of mind is comprehensible but does not conform to the principle of prudence and safety. If we are overanxious for quick results, we always get the results which run counter to our desire. Some people have kept on waiting and taken a passive attitude toward reform and are in a state of inertia, it shows that their selfishness is doing mischief and they have worried about their personal gains and losses. Some others have set straightening out party style against reform and not used the straightening out of party style to promote reform but have held that the straightening out of party style will affect reform. This is a muddled idea.

The correct attitude is that like the machinery plant, we must not wait and must organically integrate the straightening out of party style with reform in enterprises, and with the sense of a high degree of political responsibility, straighten out party style, do a good job in production, and do our work well.

We must use good party style to ensure the smooth progress of reform in enterprises. The material achievements in reform in enterprises will further promote the improvement of party style. In short, there is a great deal of work in straightening out party style. Those who do this work well must continue to work hard, strengthen education in party spirit, party style, and party discipline for party members, enhance their ideological and political awareness, and give full play to the vanguard and exemplary role of party members so as to strive for a basic turn for the better in party style. The units which make slow progress and do not vigorously grasp this work must intensify study, heighten their understanding, quickly catch up, really grasp the work of straightening out party style, and make achievements as soon as possible.

We believe that if the whole party grasps the work of straightening out party style and if all party members work hard together, party style will surely be straightened out in a down-to-earth manner and basically improved at an early date.

YUNNAN MILITARY DISTRICT CORRECTS UNHEALTHY TRENDS

HK121524 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 11 Jun 86

[Text] In the course of correcting unhealthy trends, the Yunnan Military District has persisted in beginning with the leadership organs and leading cadres, been bold in exposing problems, and scored good achievements. The Discipline Inspection Commission of the Central Military Commission has recently transmitted their experience.

In the past, many problems of party style existed in the Yunnan Military District. Some of them were relatively serious. Since the beginning of this year, its CPC Committee's attitude has been resolute, been bold in tackling tough problems, and solved four problems which evoked strong repercussions from the masses:

1. It has corrected the unhealthy trend of rushed promotions. Last year the military district did a rush job in promoting 105 cadres. They received wages and woollen military uniforms in accordance with their new posts. The obstacles to correcting this mistake were very big. However, on the basis of doing ideological work well, in March, its CPC Committee revoked all orders on promotions.

2. It has corrected the mistake of organs setting up companies and engaging in commerce. During party rectification last year, it was discovered that organs had set up enterprise offices to engage in commerce. However, this problem had not been solved all along. Its CPC Committee has now abolished the enterprise offices.

3. It has increased investigating and dealing with the cases of violation of the law and discipline. The CPC Committee has organized personnel to step up investigations both inside and outside the Military District and has now investigated 11 cases.

4. It has corrected the housing unhealthy trends. After retirement, some retired veteran cadres continue to occupy their original houses and some forcibly occupy new houses. After localities allocate them houses, some cadres transferred to civilian work still have not moved out of their original houses. The CPC Committee has regarded clearing of households as a focal point of straightening out party style and reorganizing barracks. At present, 38 households have now moved out of the barracks.

TAIWAN-U.S. TRADE RELATIONS BECOME STRAINED

HK180338 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1030 GMT 17 Jun 86

[Report: "Trade Relations Between the United States and Taiwan Are Becoming Strained: -- ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 17 Jun (ZHONGGUO TONGXUN SHE) -- According to a news report from Taipei, the trade relations between the United States and Taiwan are becoming strained due to huge U.S. trade deficits plus the ever increasing demands of protectionists. This has been reported by Taiwan newspapers.

According to the newspapers, since last year both sides have held a series of talks on balancing their trade relations. During the talks, the U.S. side strongly demanded its counterpart to relax its restrictions on the import of U.S. goods and to reduce import duties on U.S. goods. At the same time, it also demanded that when buying major equipment, Taiwan should first buy U.S. products. However, despite many rounds of talks, both sides have failed to reach a satisfactory agreement. Under the pressure of protectionism at home, since the beginning of this year the United States has taken relatively strong measures against Taiwan. One is that in accordance with the trade bill, the United States announced that an investigation would be conducted concerning the ratio of overseas sales of the products of Taiwan's ratified joint-venture motor vehicles industries. The other is that it has been decided that beginning next year, restrictions will be imposed on the quantity of Taiwan's machine tools and equipment and textiles exported to the United States. Meanwhile, the United States is considering abolishing the preferential tariff treatment given to Taiwan.

To ease the tension in its relations with the United States resulting from unbalanced trade, Taiwan has recently decided to make talks on balancing bilateral trade relations, which are being held in Taipei, Taiwan indicated that it would reduce tariffs on 71 U.S. products was demanded by the United States, but the reduction rate would be under 50 percent. As for the relaxation of restrictions on the import of U.S. tobacco and wines as demanded by the U.S. side, Taiwan expressed the hope that the United States will respect Taiwan laws governing government-controlled sales of tobacco and wine, but it would give fair treatment to U.S. tobacco and wine.

The bilateral talks are still in progress.

U.S.-Taiwan trade has always been the pillar of Taiwan's foreign trade. Data reveal that the total volume of last year's bilateral trade amounted to $19.516 billion or more, comprising 38.4 percent of Taiwan's total trade volume. This incuded $14.74 billion worth of Taiwan exports to the United States. From January to April this year, Taiwan had a blance of export trade with the United States totaling $5.51 billion, or an increase of 21.4 percent over the same period of last year. Last year, Taiwan imported U.S. goods worth only $1.646 billion, or a decrease of 3 percent as compared with the corresponding period of last year.

WIDE ANGLE MIRROR REPORTS DENG CONSIDERING RETIREMENT

HK171300 Hong Kong AFP in English 1236 GMT 17 Jun 86

[Text] Hong Kong, June 17 (AFP) -- China's top leader, Deng Xiaoping, 81, is seriously thinking of retirement, a China-watching magazine reported in its latest issue published here on Tuesday. Mr. Deng has indicated several times that he will retire soon, and he repeated his plans recently to two prominent visitors from Hong Kong, WIDE ANGLE reported. Mr. Deng reportedly told two members of a committee drafting a constitution for Hong Kong after the British colony reverts to Chinese rule in 1997 that he would rather give way to younger leaders while alive than see an abrupt transition of power caused by failure of his health. The magazine said that significant changes in the upper echelons of the Chinese power structure were likely to take place before the 13th National Congress of the Chinese Communist Party in 1987. WIDE ANGLE said Mr. Deng had to pick a successor in the plenum to replace him in the Chinese Communist Party's Politburo and Central Advisory Commission. Mr. Deng will be reappointed for another five years if he cannot find a replacement then, the magazine said.

DENG XIAOPING SPEECH CITED AS BASIS FOR REFORM

HK171447 Hong Kong PAI HSING in Chinese No 122, 16 Jun 86 p 17

["Confidential Document": "A Speech of Deng Xiaoping for Restricted Use Only"]

[Text] Editor's notes: On 18 August 1980, at an enlarged meeting of the Political Bureau of the CPC Central Committee, Deng Xiaoping delivered an important speech on the reform of the party and state leadership system, which later became the ideological guideline for the reform introduced in Mainland China in recent years.

The speech (transcript) for restricted circulation carried here was also delivered by Deng Xiaping in the same period. Because it was a document for restricted use only, the author could speak with even less inhibition, and certain viewpoints were even more incisive. For example, in asserting that: "The method of the party ruling over the country cannot be practiced any more," he pointed out sharply the basis of the reform currently launched on the China mainland.

This speech, made in 1980, has never been published at home or abroad. Therefore, it is a reference document of great value. It shows the readers that Deng Xiaoping had realized as early as in 1980 that the "party's domination over everything" is wrong and that he had also noticed the trade union issue in Poland. At the same time, however, it also reminds us that there has been no indication of a change in the practice of the party's rule over the state during the past 6 years since Deng made the speech. [end editor's notes]

The rights, obligations, and ways of doing things of our party organizations at all levels need modification. At the grass-roots level, we must make up our mind to change the situation in which party members dominate the masses, party branch secretaries dominate all other cadres, and party organizations dominate all other organizations. Our party committees should no longer take on and intervene in everything. The party's leadership should be exercised in the formulation and implementation of its line, principles, and policies. And the essence of the party's work is to support and lead the people in mastering the country. This principle must be implmented throughout the country as well as in party organizations at all levels.

Our party organizations and party members must always stand by the people and immerse themselves among the masses to find out their needs, listen to their appeals, and take different measures to fight for and safeguard their interests. The party organization neither equals the government nor the organ of state power. The method of the party ruling over the country cannot be practiced any more. It is necessary to strengthen the party's leadership over the ideological and political fields. However, neither party organizations nor party members have the right to force the masses to accept their views. Our party organizations should only appeal to and inspire the masses to do something, and exercise influence on them with the exemplary role of party members, rather than force them to accept one idea or another of the party. It is necessary to abrogate all the privileges enjoyed by grass-roots party organizations. If we fail to make up our minds to introduce a reform to solve all these issues, our party will be in a position antagonistic to the masses. Such a situation has already emerged in some localities and units.

Our tradition of centralized party leadership took shape during the period of revolutionary war. The CPC Central Committee especially issued the "Decision on Unification of the Party's Leadership Over Anti-Japanese Bases and Readjustment of the Relations Between Different Organizations" on 1 September 1943. At that time, as our central task was to fight the aggressors, a centralized leadership was imperative. In the period of socialist construction, we have to face much more complicated work, tasks, and problems. Since everything has to be accomplished on the issuance of directives and decisions by the party and nothing can be done otherwise, many problems that should have been solved remain unsolved, and the masses are very discontented with such a situation. Some of our cadres, including high-ranking cadres, still accustomed to the old practices, have not yet realized that this is wrong and they are not ready to make a change. If you try to break down the old conventions, they will ask you: what is the use of the party committee and the secretary then? A provincial CPC Committee secretary said: The centralized leadership is our cherished heritage which must not be discarded.

It is imperative to change the situation in which the party dominates over all organizations. it is necessary to conscientiously consider how to readjust the party's position in the country's social life as a whole and reform our party organizations and state organs. Apart from the methods and forms of leadership, placed before us are a series of issues relating to the reform. We must make specific studies to find out the answers to such questions as which problems should be solved by which units or organizations, in what way these problems should be solved, how the party is going to exercise leadership over various mass organizations, and what role these organizations are going to play, and so on. Unsatisfied with the government-run trade union, the Polish workers established their own independent trade union. Can we say we are not facing a similar problem? Anyway, we surely cannot go on with the old practice any more. We must formulate a law on plant management to properly stipulate various relations.

In brief, it is now clearer and clearer to us that the old conventions we have practiced before are no longer suited to our present and future tasks and, therefore, definitely must be changed. This problem has already shown up abroad, for example in Poland, and at home. We must take real action to find out a method to change the situation. If we do not make a change and if our party fails to exercise leadership skillfully, our party organizations at all levels are very likely to become obstacles to the four modernizations.

I am still pondering over this issue...

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GENERAL

FOREIGN MINISTRY CONDEMNS APARTHEID IN SOUTH AFRICA

OW181208 Beijing XINHUA in English 0945 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- China reiterated today its strong condemnation of the South African authorities for maintaining apartheid and atrocities in repressing the black masses and attacking neighbouring countries.

A Foreign Ministry spokesman said at the weekly news briefing here that on the occasion of the tenth anniversary of the Soweto carnage commemorated by the South African people, the South African authorities further intensified their armed repression of the activities of the black people, persecution of black leaders and control over the press. At the same time, they made another armed attack against Botswana, he added.

He said: "The Chinese Government and people have always sympathized with and supported the South African people in their struggle against racism and stood for the reasonable proposition and just demand by the international community to impose sanctions against the South African authorities." "We are convinced that with the full support and solidarity of all the justice-upholding countries and people, the South African people will surely be able to attain their goal of eradicating the system of apartheid through unremitting struggle," he said.

PRC VOTES FOR UNSC RESOLUTION ON SOUTH AFRICA

OW190638 Beijing XINHUA in English 0558 GMT 19 Jun 86

[Text] United Nations, June 18 (XINHUA) -- The U.N. Security Council today failed to adopt a resolution condemning and punishing South Africa, because of opposition by the United States and Britain, two permanent Council members. At the request of Angola, the Security Council called a session to consider South Africa's recent military raid on the Angolan part of Namibe. During the three-day meeting, representatives from many countries condemned South Africa's aggression and demanded sanctions against South Africa. A draft resolution, that was vetoed by the U.S. and Britain, noted that armed invasion of Angola by South Africa constituted "a flagrant violation of the sovereignty and territorial integrity of that country, as well as a serious threat to international peace and security". The draft demanded that South Africa withdraw all its military forces from Angolan territory.

The Security Council decided to impose "selective economic and other sanctions" against South Africa, including suspending all new investments and guaranteed export loans, banning sales of krugerrands, restricting sports and cultural relations, prohibiting new contracts related to the nuclear field and sales of computer equipment. The draft was submitted by five non-aligned countries, including Ghana and Madagascar. China and 11 other Security Council members voted for it, with France abstaining.

PRC DELEGATE SPEAKS AT PARIS MEETING ON S. AFRICA

OW180836 Beijing XINHUA in English 0806 GMT 18 Jun 86

[Text] Paris, June 17 (XINHUA) -- China today urged the world community to exert strong pressure and impose political and economic sanctions against the South African regime so as to force it to dismantle the apartheid system.

In a speech at the World Conference on Sanctions Against Racist South Africa held in Paris, Zhou Jue, head of the Chinese delegation, denounced the South African authorities for their recent imposition of the state of emergency.

Zhou said wyile talking vociferously about "reform" and their intent to abolish the "pass law" so as to deceive public opinion both at home and abroad, the South African authorities continue to stick to their intransigent position in order to maintain their racist rule. He said that in the past year, about 1,600 people were killed and more than 25,000 detained without interrogation in South Africa.

"Most recently, in order to prevent the South African people from commemorating the 10th anniversary of the Soweto incident, the South African authorities blatantly declared on June 12 the so-called nation-wide 'state of emergency', giving the army and police unlimited power to brutally suppress the South African people," he said.

He also condemned the Pretoria regime for its intransigence in obstructing the independence of Namibia and its intrusions into the neighbouring countries and the recent armed attacks on many African countries. He stressed that "facts have once again demonstrated that the racist policy pursued by the South African authorities constitutes the source undermining peace and stability in southern Africa." He pointed out that such audacity and assuredness on the part of the South African authorities in intransigently persisting in their system of apartheid and their foreign policy of aggression are inseparable from the abetment, connivance and support from certain forces in the world.

Zhou said, "The international community should strictly implement the relevant resolutions adopted by the United Nations, and exert strong pressure on the South African authorities by taking effective measures of sanctions against them in political, economic and other fields so as to force them to abandon thoroughly the system of apartheid." "The Chinese Government and people have always sympathized with and supported the just struggles waged by the South African people against the racist rule, and will not have any political, economic or trade relations with the South African authorities," he stressed. He said, "The Chinese Government and people have provided material support within their means to the people of South Africa and Namibia. We will, as always, join unswervingly the international community and the people of all countries in a continued effort to bring about an end to the racist rule in South Africa."

He proposed the world conference to take the following measures against racism:

-- To demand the South African authorities release Nelson Mandela and other black leaders immediately and unconditionally, lift the ban on nationalist organizations and adopt practical measures to abolish apartheid.

-- To appeal to the international community to further increase its political, moral and material support to the people of South Africa and Namibia, and front-line countries.

-- To call on the U.N. Security Council to take effective sanctions against South Africa in accordance with the relevant provisions of chapter 7 of the U.N. Charter. Pending a security decision on this matter, all countries should implement relevant resolutions adopted by the U.N. General Assembly and Security Council on the imposition of sanctions on South Africa and strictly implement resolutions 418 (1977) and 558 (1984) of the Security Council concerning an arms embargo on South Africa.

TRADE LIBERALIZATION IN GENEVA URGED

OW180646 Beijing XINHUA in English 0617 GMT 18 Jun 86

[Text] Geneva, June 17 (XINHUA) -- Removing barriers and liberalizing trade are major issues to be resolved by the international community, a Chinese representative said today at the special council of the General Agreement on Tariffs and Trade (GATT). Qian Jiadong, China's permanent representative to the United Nations office at Geneva, said international protectionist pressures show no sign of declining, but instead keep increasing.

Agricultural trade frictions are intensifying, and trade restrictions have notably expanded in the textiles sector, he pointed out. "It is hoped that the new round of multilateral trade negotiations will contribute to strengthening and improving the trading system, and to promoting trade and economic development of the world as a whole and of the developing countries in particular," he added. Qian said China is regulating imports and exports by increased use of such economic levers as exchange rates, customs duties, taxes and export credits. According to Qian, China's total import-export volume for the next five years has been targeted for an annual average growth rate of seven percent, reaching 83 billion U.S. dollars by 1990.

He also assured that China is committed to pursuing its present policy of opening to the outside world and activating its domestic economy. The current economic structural reform is developing both in width and depth, he said. Qian said the scope of imports depends on export earnings, and under the present conditions, foreign exchange shortages will occur from time to time. Government measures to restrict excessive imports are therefore necessary to deal with the current situation, and they are justified even under gatt provisions, he continued.

China, Qian said, wants to resume its membership in GATT and to attend September's ministerial meeting. At present, China is attending GATT meetings in the capacity of observer.

GATT VIEWS TRADE PROTECTIONISM, PRC MEMBERSHIP

OW180834 Beijing XINHUA in English 0724 GMT 18 Jun 86

[Text] Geneva, June 17 (XINHUA) -- Participants at the General Agreement on Tariffs and Trade (GATT) special council meeting today criticized rising trade protectionism in the world. Several representatives from developing countries to the 91-nation body criticized trade restrictions by developed countries on imports of farm produce, textiles and other goods from the developing countries. They demanded the enforcement of GATT free trade rules.

Representatives from India, Sri Lanka, Nigeria and Singapore called on the developed countries to keep their promise at the 1982 GATT ministerial council to renounce protectionism. Some of them criticised U.S. import restraints on farm produce and textiles. EEC representative Tran Van Thinh also called for an end to protectionism in the interests of global trade development. He also expressed support for resuming China's membership in GATT and for China's participation in the new round of international multilateral trade talks.

REAGAN SUGGESTS U.S., SOVIET FOREIGN MINISTERS MEET

OW151802 Beijing XINHUA in English 1756 GMT 15 Jun 86

[Text] Washington, June 14 (XINHUA) -- U.S. President Ronald Reagan has sent a letter to Soviet leader Mikhail Gorbachev calling for a meeting between Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze to prepare for the next superpower summit.

"THE WASHINGTON POST" quoted unidentified White House officials as saying the letter, "conciliatory" in tone, was delivered by Arthur Hartman, U.S. ambassador to the Soviet Union, last week. In the letter, the paper said, Reagan proposed that Shultz and Shevardnadze had been scheduled to meet in mid-May to prepare for a summit in the United States this year, but the meeting was cancelled by Moscow on April 15 shortly after the U.S. bombing raid on Libya.

The letter was sent at a time when Reagan's decision to disregard the SALT II Treaty has drawn harsh criticism from the Soviet Union and when relations between the two superpowers seem to be deteriorating after a promising meeting between Reagan and Gorbachev in Geneva last November.

The Soviet Union warned that if the United States really scraps the SALT II Treaty, it would affect "in the most serious and negative way" overall U.S.-Soviet relations and the chance for a second summit in particular. However, at a news conference last week Reagan predicted there would be another summit with Gorbachev, but he did not say when.

WEINBERGER SAYS U.S. TO STUDY USSR PROPOSAL

OW181818 Beijing XINHUA in English 1805 GMT 18 Jun 86

[Text] Washington, June 18 (XINHUA) -- U.S. Defense Secretary Caspar Weinberger has rejected key points of the latest Soviet proposal for a 30 percent cut in strategic arms in exchange for a U.S. agreement not to withdraw from the 1972 Anti-Ballistic Missile (ABM) Treaty for at least 15 years, the CHRISTIAN SCIENCE MONITOR reported today.

The proposal, made by Soviet leader Mikhail Gorbachev Monday, would also allow the United States to conduct "laboratory research" into the Strategic Defense Initiative (SDI) which the Soviet Union had previously insisted be abandoned.

The White House said the Reagan adminstration is giving the proposal "serious study and consideration" and looks forward to "discussing the matter in the arms talks in Geneva" with the Soviet Union. But Weinberger told reporters yesterday the latest Soviet offer is "just another method of defining (U.S.) strategic defense out of existence." "I would be very much opposed to anything that gave up our right to withdraw" from the ABM Treaty which prohibits the development, test and deployment of weapons designed to intercept intercontinental nuclear missiles, he said.

Earlier this month, Weinberger dismissed the Soviet proposal, floated in the Geneva talks but not made public at that time, as a "side-door" scheme to kill the U.S. "star wars" program.

Press reports here say the Reagan administration is divided over how to respond to the new Soviet initiative. Some officials see little merit in it while others believe it may offer at least the basis for fruitful negotiations. Analysts predict that the administration is not likely to formulate a clear-cut response before the windup of the current round of Geneva talks June 26.

ECONOMIST CITED ON PRC ECONOMIC REFORM

OW181014 Beijing XINHUA in English 0948 GMT 18 Jun 86

[Text] New York, June 17 (XINHUA) -- A leading U.S. economist said here today that the ongoing economic reform in China is very sound, creating greater opportunities for future development. "China is developing its own model, an approach that combines social objectives, historical perspectives and economic goals. The unique blend is ever important," explained Robert D. Hormats, director of the Goldman, Sachs and Co., a major U.S. investment and securities firm based in New York.

In an exclusive interview in his office in Manhattan with XINHUA today, Hormats noted "China is a big and important country. It should have its own model, not imported from somewhere else. It may incorporate good points from other countries, but the ultimate products are Chinese."

Hormats visited China last May. He said that during the recent trip which took him to Beijing, Shanghai and Dalian, he saw that "the new economic measures work. The state has a role to play, though reduced somewhat. It is essentially a market-oriented socialist economy, and not capitalist at all." "The Chinese are in an economic long march and the world should not expect them to achieve instant success as these things take time. But there is no doubt that the reform will lead to a major boost to production and the quality of life of the Chinese people in a reasonably short period of time," he added.

Hormats had held important government posts before he joined the investment firm. He was the senior economic adviser in the White House in the early 1970s. He served as deputy U.S. trade representative during the Carter administration and as assistant secretary of the state for economic and business affairs under the Reagan administration in 1981-82.

He said that China is a developing country and its cautious approach to the world financial market is "absolutely right." "There are three key issues when a country turns to the international financial markets," he observed.

-- Appropriate amount of exposure. "Do not borrow too much that you get into debt problems," he warned. A balanced ratio of debt servicing to a country's export earnings should range between 15 to 20 percent.

-- Effective use of the borrowed money. Obtained funds must be utilized to finance feasible and good projects that can generate enough money to ensure substantial returns. That is the productive borrowing.

-- A combination of debts in different currencies and maturities. It is very bad for a country to get into a situation where it has too much of its borrowing denominated in any one currency. When that currency appreciates, it will cost more to repay it.

He expected that China would eventually have more access to the world financial markets. Among the three major regional markets, North American, Europe and Asia, China might have an equal chance, leaning toward Asia because of the geographical proximity.

U.S. STOCK EXCHANGE OFFICIAL HAILS PRC FINANCIAL POLICY

OW131224 Beijing XINHUA in English 1010 GMT 13 Jun 86

[Text] New York, June 12 (XINHUA) -- An influential American economist, fresh from a visit to China, has praised the country's financial policy, describing it as "well-balanced" and "prudent."

Rogers M. Kubarych, vice-president and chief economist of the New York Stock Exchange, said China's ratio of foreign debt is very low in comparison to its export earnings and national income. Therefore, China's capacity for absorbing foreign debt is and should be high, in comparison with other developing countries, Kubarych said.

In an exclusive interview with XINHUA in his New York City office today, the respected economist said he did not agree with the idea that the shortage of foreign currency in China is the ultimate obstacle to the country's ability to do business. "This constraint can be relaxed if the right strategy and planning are insituted," he said. If large projects such as the development of China's natural gas, coal or telecommunications industries are carried out, suppliers' credits from exporters can often be utilized to help pay the costs, he said.

Kubarych described it as "natural" that there are periods during its development process when a country runs a certain amount of current account deficit, and to finance the deficit, it has to seek long-term funding through external borrowing. "Long-term funding with a modest current account deficit is a legitimate development strategy," he explained. "Consequently, I expect China to be in the world market for years to come."

During his 10-day stay in China, Kubarych said he was highly impressed by the progress made under the policy of opening to the outside world and the understanding he gained of the problems now facing the country, through conversations with Chinese officials, bankers and entrepreneurs.

Unlike many other countries which fail to detect problems before they crop up, Kubarych said "we have got a clear impression that officials in China recognize the problems, and act intelligently ahead of time to make sure that they are manageable. That is a good sign of success."

SHANGHAI OFFICIALS MEET WITH U.S. DELEGATION

OW091832 Beijing XINHUA in English 1425 GMT 9 Jun 86

[Text] Shanghai, June 9 (XINHUA) -- Robert Strauss, head of a U.S. delegation and former chairman of the Democratic Party, said here today that he will come to Shanghai again and again to seek more investment opportunities.

Strauss' delegation includes 60 bankers, entrepreneurs and lawyers, and was here to attend the three-day Shanghai International Economic Relations and Trade Meeting which closed here today. Strauss, a partner in the legal firm of Akin, Gump, Strauss, Hauer and Feld, has visited Shanghai three times over the past seven years.

Strauss said that great changes have taken place in China in recent years and the current economic reform shows the orientation of China's development. Those factors are attracting American entrepreneurs and bankers to invest in Shanghai.

Lu Guoxian, deputy director of the Shanghai Commission of Foreign Economic Relations and Trade, said that economic relations and trade show that "a good start" has been made between the U.S. and Shanghai, China's biggest industrial and commercial center. The official disclosed that Shanghai had absorbed American investment totalling 367 million U.S. dollars by the end of 1985. This is second after Hong Kong among investment from all foreign countries and regions.

Vice-mayor of Shanghai Li Zhaoji said that Shanghai is willing to cooperate with all overseas investors from economic, trade, financial, and science and technology fields. He noted that Shanghai has enjoyed the preferential conditions and special open policies granted by the central government.

Strauss and other U.S. delegates showed great concern for further development of Shanghai-U.S. economic relations and trade at the meeting. They offered opinions and suggestions for further development of the bilateral economic cooperation. Representatives of 15 U.S. businesses held negotiations with Shanghai industrial, communications, banking, foreign trade and agricultural departments, and concluded letters of intent on a number of projects. An American cable corporation intends to provide a Shanghai cable plant with technological services to bring its products up to American standards.

ZHAO ZIYANG, FANG YI MEET U.S. PROFESSOR

OW131154 Beijing XINHUA in English 1135 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- Chinese Premier Zhao Ziyang met with C.N. Yang, professor in physics at the State University of New York at Stoney Brook of the United States, here this evening. Yang, who is also a distinguished professor-at-large at the Chinese University of Hong Kong, has given lectures on "Phase and Modern Physics" here since May 26 at the invitation of the Chinese Academy of Sciences. State Councillor Fang Yi was present at today's meeting.

HU QILI MEETS, FETES U.S. NEWSPAPER PRESIDENT

OW121152 Beijing XINHUA in English 1125 GMT 12 Jun 86

[Text] Beijing, June 12 (XINHUA) -- Hu Qili, member of the Political Bureau and Secretariat of the Chinese Communist Party Central Committee, met here today Wayne Tam, president of the "CHINA DAILY NEWS" of America. Hu briefed Tam, who is also executive director of the "CHINA DAILY" Distribution Corp., on China's economic restructuring, and discussed with him the distribution of Chinese newspapers and journals abroad. He later hosted a dinner for Tam.

PRC TRADE MINISTER ON SINO-U.S. ECONOMIC RELATIONS

HK180729 Beijing GUOJI SHANGBAO in Chinese 5 Jun 86 p 1

[Dispatch by reporter Li Bida: "Zheng Tuobin Optimistic About the Development of Sino-U.S. Economics and Relations"]

[Text] "There is tremendous potential for developing our bilateral relations in many areas, including economics, trade, science, technology, intellectual development, and administration and management. Fully tapping this potential is a priority task now for China and the United States in accelerating the development of their long-term stable economic and trade relations," said Zheng Tuobin, minister of foreign economic relations and trade, on 2 June when he attended the Sino-U.S. trade and investment law symposium in Beijing.

A question of greatest concern to people is what the prospects are for the development of economic and trade relations between China and the United States. Zheng said he "is optimistic" about this. He thinks that there are three favorable factors worth noting: First, there are friendly state relations between China and the United States which have created a relatively favorable environment for continuing to develop their bilateral economic and trade relations. Second, there has already been a fine beginning for their bilateral economic and trade cooperation, and all the circles in the two countries have the good desire for further development of cooperation. Third, China and the United States each have their economic advantages and there are many spheres in which they can compensate for each others' deficiencies; therefore, there is tremendous potential for them to develop cooperation in many spheres.

Minister Zheng Tuobin pointed out that the following was vital for the further development of Sino-U.S. economic and trade relations:

First, they should quicken their pace in removing the negative factors that hinder the development of their bilateral economic and trade relations.

In U.S. legislation, there have been various kinds of special regulations toward China which have had a serious negative impact on Sino-U.S. economic and trade relations. Over the past few years, the U.S. Government has made some progress in a few spheres to solve these problems. However, the United States should quicken its pace in doing so and radically abrogate or revise the legislation that is not suited to the times.

Second, the two sides should conscientiously promote the balanced development of Sino-U.S. trade.

Over the past 10 years or so, China has almost always had a huge deficit in its direct trade with the United States. From 1972 to 1985, the trade deficits on the Chinese side in Sino-U.S. trade totalled as much as over $16 billion. If we fail to change this long-standing trade deficit, it will certainly affect China's payment capacity and hinder the growth of its import from the United States and the continuous development of Sino-U.S. trade. We hope that there will be even greater development in Sino-U.S. trade under the conditions of increased Chinese exports to the United States in order to strike a positive trade balance. In order to achieve this balance, both China and the United States should make efforts. We hope that the U.S. Government will further open the market, abolish certain undesirable restrictions to imports from China, and conscientiously encourage imports from China.

Third, the two sides should continue to increase the level of their economic and technological cooperation.

China's import of technology will continue to switch from importing technology mainly for special new projects to focusing on importing technology for the technological transformation of its existing enterprises. It will particularly encourage the import of the technology that can help it increase its exports. Transfer of technology and the level of the technology to be transferred will become an important condition for China and the United States in selecting cooperation items. Under the new situation of the quick development of Sino-U.S. economic and trade relations, the level of economic and technological cooperation between the two countries should be one of the important yardsticks for measuring the economic and trade relations between them. Over the past few years, China and the United States have scored achievements in their cooperation in this area. However, we should say that there have as yet been very great human restrictions on the transfer of technology. We hope that the friends in various circles in the United States will continue their efforts to remove the existing human restrictions and continue to make new contributions in developing Sino-U.S. economic and technological cooperation.

Fourth, the two sides should vigorously intensify their cooperation and create even more favorable conditions for U.S. enterprises to invest in China.

Over the past 2 years, Sino-U.S. joint ventures and cooperative ventures and U.S.-owned enterprises have developed relatively quickly on the basis of equality and mutual benefit, but it is necessary to continue to accelerate their development. We hope that the Sino-U.S. agreement on avoiding double taxation and preventing tax evasion will come into force as soon as possible and that the talks on the agreement on protecting investment between China and the United States will make quicker progress in order to facilitate quicker development of the investment cooperation between the two countries.

XINHUA ROUNDUP VIEWS U.S.-CANADA 'TRADE WAR'

OW061402 Beijing XINHUA in English 1143 GMT 6 Jun 86

["Roundup: Canada-U.S. Trade War Casts Shadow Over Free Trade Talks by Zhang Yuanting and Chen Nanxin" -- XINHUA headline]

[Text] Ottawa, June 5 (XINHUA) -- The current trade war between Canada and the United States with its focus on the imposition of tariffs has cast a grave shadow over the ongoing free trade negotiations which started on May 21. Without warning Canada, the United States announced on May 22, one day after the free trade talks started, that it would reimpose a 35 percent tariff on Canada's cedar products, a move which would bring Canada a loss of more than 15 million Canadian dollars (over 10 million U.S. dollars) and make 4,000 related workers jobless.

This protectionist move on the part of the United States has angered both the Canadian Government and people. Prime Minister Brian Mulroney charged that the imposition of U.S. tariffs was "appalling and unacceptable." He asked the Reagan administration to consider cancelling the decision and compensate for the losses suffered by Canada's lumber industry.

The rejection of Canada's demand by the United States led to Canada's announcement on June 2 of measures to reimpose and increase tariffs on imported U.S. products such as books, computer parts, cider, christmas trees, oat meal and oil for making asphalt. The measures are to take effect tomorrow, the same day when U.S. tariff increases on imported cedar shakes and shingles from Canada become effective.

It is estimated that as a result of Canada's retaliation, the country will earn annually nearly 80 million Canadian dollars (50 million U.S. dollars), an amount which more than offsets the losses it suffers for its cedar exports to the United States.

The situation went from bad to worse as the U.S. International Trade Commission voted on the same day (June 2) to allow penalty duties of almost 41 percent on Canada's steel products used in oil and gas wells, the exports of which were valued at about 90 million U.S. dollars last year.

Despite the retalitatory measures against the United States, the Mulroney government is concerned that the intensified trade war might harm the interests of both countries, Canada in particular. First of all, Canada is afraid that its penalty duties on U.S. products might lead to further retaliations from the United States. For the country's exports rely heavily on U.S. markets. Last year, Canada registered a 20 billion Canadian dollars (13 billion U.S. dollars) surplus in its trade with the United States. Canada, of course, wants to maintain this status quo, if not to increase the surplus.

The huge U.S. trade deficit with Canada has evoked public criticism on the United States. Among the 300 bills presented to the U.S. Congress calling upon the Reagan administration to take protectionist actions to curb imports, many call for the reduction of imports from Canada, covering such items as iron and steel, cooper, sugar, asbestos, fish and wood products.

Secondly, Canada's retaliatory move has also met with opposition from some companies and enterprises at home. Publishers have expressed dissatisfaction with the price hike for imported books after the imposition of tariffs. U.S. books and publications account for 90 percent of Canada's books imports, valued at more than 336 millions Canadian dollars (over 224 million U.S. dollars). The government retaliatory measures have disquieted the lumber industry, which fears that its softwood exports might become the next target of U.S. retaliations. Last year, Canada's softwood exports to the United States stood at 3.5 billion Canadian dollars (2.3 billion U.S. dollars).

Since Prime Minister Mulroney last September accepted President Reagan's proposal to hold free trade talks between the two countries, a heated debate on the necessity of such talks has swept all over Canada. Some western provinces voiced their support for the negotiations because they have natural resources and semi-finished products to export, while Eastern provinces like Ontario and Quebec, which are not in a position to compete with U.S. giant companies, have their reservation about the talks.

Mulroney, who is in favor of free trade talks with the United States, held that through free trade with the United States, Canada will become stronger in its economy and more competative in the world market.

Canada and the United States are each other's largest trading partners. Two-way trade between the two countries exceeded 160 billion Canadian dollars (over 106 billion U.S. dollars) in 1985. The United States sells more products to Canada than to the member states of the European Community, and its exports to Canada are twice as much as those to Japan.

The Canada-U.S. trade war has cast a grave shadow over the just started free trade negotiations. Whether or not Ottawa and Washington will reach an agreement on removing trade barriers still remains to be seen. But one thing is certain, that is, both governments have a long and tortuous way to go before they can obtain their goals.

PRC REFUSES COMMENT ON 'FISHERMEN' DEFECTING TO ROK

HK190526 Hong Kong AFP in English 0424 GMT 19 Jun 86

[Text] Beijing, June 19 (AFP) -- China refused to comment Thursday on reports of the apparent defection of 19 people who reached South Korea from China in a small boat. A Foreign Ministry spokesman, asked to comment on the report, said: "We have nothing to tell you."

The group, initially described as fishermen in distress, in fact included farmers, civil servants, merchants, truck drivers, welders and a cook, newspapers in Seoul reported.

(They were said to have travelled by foot and train from the Guangxi Autonomous Region in southern China to the Shandong peninsula in the north, where they bought a small boat and sailed across the Yellow Sea to the west coast of South Korea.)

KIM IL-SONG DENIES DPRK PLAN TO INVADE SOUTH

OW171000 Beijing XINHUA in English 0952 GMT 17 Jun 86

[Text] Pyongyang, June 17 (XINHUA) -- The Democratic People's Republic of Korea President Kim Il-song said today the North does not want to "invade southward" and has no will to impose communism on the South. Kim told a Chinese military goodwill delegation led by Li Jiu-long, commander of the Jinan units of the People's Liberation Army, that the Korean reunification problem ought to be solved in a "peaceful way."

Kim said North Korea does not want to fight a war, which will damage the country's construction. Korea needs peace, he said, and the North is taking measures to ease tension on the peninsula. He said South Korean and U.S. propaganda on the threats of "invasion from the North" is an excuse for the U.S. occupancy of South Korea.

Kim told the Chinese delegation, which included several Chinese volunteers who fought the U.S. troops in Korea in the 1950s, that the Korean people will never forget the Chinese people's help during and after the war.

After the interview the Korean leader feted the visitors. The delegation arrived in Pyongyang on June 13.

DPRK PROPOSES TRIPARTITE TALKS TO EASE TENSION

OW180902 Beijing XINHUA Domestic Service in Chinese 1518 GMT 17 Jun 86

(By reporter Gao Haorong)

[Text] Pyongyang, 17 Jun (XINHUA) -- The Supreme Headquarters of the Korean People's Army [KPA] issued a press communique today, calling for tripartite talks between the military authorities of North and South Korea and the United States to ease tension and eliminate confrontation on the Korean peninsula.

Specifically North Korea proposed that talks be held in Panmunjo, or another place in July between the minister of the People's Armed Forces of the DPRK, the commander in chief of the UN forces in [illegible] Korea, and the South Korean defense minister.

The press communique was released by Yi Hong-sun, deputy chief of general staff of the DPRK People's Army, at a press conference at the People's Cultural Palace in Pyongyang today. The press communique said: Armed confrontation along the Korean demilitarized zone "has reached the hightest level since the cease-fire, causing a most serious situation of distrust and military confrontation." The tension on the Korean peninsula must be eased as soon as possible, and war must be prevented at any cost. Under the present circumstances, "it is necessary to, first of all, adopt measures for relaxation in the military field." "Only if relaxation in the military field is realized is it possible to resume the dialogue, which has been interrupted, in a good atmosphere and to seek the correct way of peaceful reunification based on mutual trust."

According to Yi Hong-sun, the above-mentined proposal was contained in a letter sent on 9 June by O Chin-u, first deputy for the Supreme Commander of the KPA and minster of the People's Armed Forces, respectively to William Livsey, commander in chief of the UN Forces in South Korea, and Yi Ki-paek. Due to delay caused by the other side, the letter was delivered to the U.S. and South Korean sides at Panmunjom at noon today.

In the letter, O Chin-u said that the military authorities from the three sides may discuss "questions concerning the suspension of military exercises and arms buildup, reduction of troops and military expenditures, and observation of the original stipulations in the Korean cease-fire agreement," or they may discuss questions put forth by the United States and South Korea "which are conducive to easing the tension on the Korean peninsula."

O Chin-u proposed that talks be held in Panmunjom or another place that is convenient to all parties. O Chin-U proposed that the talks be held in July, and that a preparatory meeting be held in Panmunjom on 27 June to be participated by three working representatives from each side and an appropriate number of entourage members.

O Chin-u urged the United States and the South Korean authorities to pay attention and make a positive response to North Korea's latest peace proposal.

PROPOSAL FOR TALKS WITH U.S., ROK LAUDED

OW171828 Beijing XINHUA in English 1801 GMT 17 Jun 86

["Commentary: A Constructive Proposal for Easing Tension on the Korean Peninsula (by Gao Haorong)" -- XINHUA headline]

[Text] Pyongyang, June 17 (XINHUA) -- A proposal, made here today by the Supreme Command of the Korean People's Army (KPA) calling for talks between the military authorities of the North and South parts of Korea and the United States, is a real and constructive proposal for easing present tensions and confrontation.

This is the first time that North Korea has made such a proposal since the division of the Korean nation 41 years ago.

The proposed talks involve O Chin-u, minister of the People's Armed Forces of the Democratic People's Republic of Korea (DPRK), William Livsey, commander in chief of U.N. Forces in South Korea and Li Ki-paek, South Korean "defense minister."

Letters containing the proposal were sent today to the concerned parties in Panmunjom, a truce village.

The supreme command of the KPA considers it urgent that those who hold real power in the armies of the North and the South sit around one table and discuss all possible military measures for easing tensions and confrontation on the Korean peninsula and to arrange favorable circumstances for dialogue.

Since the beginning of the year, the unstable situation on the peninsula has aroused concern. The North-South dialogues which began in 1984 have been suspended due to the "Team Spirit 86" joint military exercises held in February by the United States and South Korea.

The United States and South Korea also announced that such joint military exercises will be held each year until 1988. Further, they decided at the "annual security consultative meeting" and "U.S.-S. Korean military commission meeting" in April to maintain U.S. forces in South Korea. The U.S. and South Korea have staged a series of joint military maneuvers since the end of "Team Spirit 86". During this time South Korean troops have also held consecutive military exercises without the United States. These developments have caused great concern within the DPRK.

In view of the situation, the DPRK has proposed the advent of talks between the military authorities of the two sides to "discuss the ceasing of military exercises and the reduction of armies and military expenditures and the keeping of the original rules of the truce agreement." This will certainly contribute to the elimination of strains caused by military confrontation and to the avoidance of military clashes.

The North-South dialogues have made some progress in the last two years, but their resumption requires some preconditions. If the proposal was accepted by South Korea and the United States, it would no doubt help promote the reopening of the economic talks, the Red Cross talks and a preliminary meeting for parliamentary talks between the North and the South.

North Korean leaders want the North-South talks to continue thus paving the way for an eventual summit meeting. This desire once again shows the North's sincerity.

In January this year, North Korea announced it would stop large-scale military exercises beginning in February and all military exercises during the period of the North-South dialogues. This time, the North has suggested that all military authorities involved in Korea hold talks in July in Panmunjom or a place convenient to all participants. It has proposed that all parties hold a working session June 27 as a first step.

The southern side and the United States are now expected to make an active respose to the proposal which they must take into careful consideration.

DPRK PLANS CONFERENCE FOR NUCLEAR-FREE KOREA

OW181050 Beijing XINHUA in English 1025 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- The Democratic People's Republic of Korea will hold an international peace conference in September to promote the concept of a nuclear-free Korean peninsula, it was announced here today.

Korean Ambassador to China Sin In-ha told journalists here that the conference would be held in Pyongyang from September 6 to 8. He said it was being sponsored by several political parties and social organizations and his country's International Liaison Committee for Independent and Peaceful Reunifiction of Korea.

Delegations and representatives from political parties and governments from countries, international organizations and democratic groups concerned with the promotion of nuclear-free peace would be invited. Sin said the Korean peninsula was one of the world's most likely places for the outbreak of a nuclear war. The elimination of this danger was vital to the maintenance of peace in Asia and the rest of the world. He added: "This year is International Peace Year. The Korean people are willing to live peacefully with all peace-loving people throughout the world."

PRC NAVY COMMANDER FETES DPRK COUNTERPART

OW171634 Beijing XINHUA in English 1450 GMT 17 Jun 86

[Text] Beijing, June 17 (XINHUA) — Chinese Navy Commander Liu Huaqing gave a dinner here today for a Navy delegation of the People's Army of Korea led by Commander Kim Il-chol. In his toast, Liu highly praised the heroism of the Korean Navy and said that the Chinese Navy has a lot to learn from it. Admiral Kim Il-Chol's visit will surely contribute to the friendship between the navies of the two countries, he added.

In reply Kim Il-chol expressed his satisfaction for being able to see China's all-round progress.

The delegation arrived here this morning. In the afternoon Liu Huaqing presided over a welcoming ceremony for the visitors. The delegation will also visit Qingdao, Shanghai and Hangzhou.

CHEN PIXIAN MEETS DPRK PARTY JOURNAL DELEGATION

OW170806 Beijing XINHUA in English 0720 GMT 17 Jun 86

[Text] Beijing, June 17 (XINHUA) — Chen Pixian, member of the Secretariat of the Chinese Communist Party Central Committee, met here today a delegation from "KUNROJA", theoretical journal of the Korean Worker's Party Central Committee. Chen had a cordial and friendly conversation with Kang Young Sop, deputy editor-in-chief of the Korean journal, and his colleagues.

Among those present on the occasion was Xiong Fu, editor-in-chief of the "RED FLAG", theoretical journal of the CPC Central Committee. The Korean visitors arrived in Beijing in June.

JAPAN URGED TO 'FURTHER OPEN' MARKET TO PRC

OW161535 Beijing XINHUA in English 1506 GMT 16 Jun 86

[Text] Tokyo, June 16 (XINHUA)--A senior Chinese official today called on Japan to further open its market to Chinese products.

Jia Shi, chairman of the Chinese Council for the Promotion of International Trade, said China hopes that Japan will eliminate non-tariff trade barriers and strengthen its cooperation with China in improving the quality of Chinese goods for exports.

Speaking at a reception given in his honor by the Japanese Association for the Promotion of International Trade and the Japan-China economic and trade association, Jia urged Japan to do so by providing China with more technologies, funds, advice and other services. Jia arrived here today for a 10-day visit at the invitation of the two Japanese associations.

FURTHER REPORTAGE ON HU YAOBANG'S EUROPEAN VISIT

Hu's Remarks at Paris Dinner

OW182148 Beijing XINHUA Domestic Service in Chinese 1033 GMT 18 Jun 86

[By reporter Wang Wei]

[Excerpts] Paris, 17 Jun (XINHUA) -- French Prime Minister Jacques Chirac gave a banquet in honor of Hu Yaobang, general secretary of the CPC Central Committee, in the Foreign Ministry tonight.

Prime Minister Chirac spoke first during the banquet.

Then General Secretary Hu Yaobang delivered a speech. Hu Yaobang first reviewed the Sino-French friendship which goes back to ancient times. He said: "Since the second half of the 19th century, Chinese people have been coming to France and have told other Chinese people about what they have seen and heard here. Many monumental works from France's magnificent cultural treasure-house have successively been translated into Chinese. In the early years of this century, a large number of Chinese youth came to your country to seek ways for national salvation and rejuvenation. Chinese leaders Zhou Enlai and Deng Xiaoping were outstanding representatives of them. These facts fully reflect the profound foundation of the exchanges and friendship between the peoples of our two countries."

Hu Yaobang pointed out: The far-sighted policy decision made by General de Gaulle and Chairman Mao 22 years ago to establish diplomatic relations has produced rich fruits. China and France are carrying out effective cooperation in many fields. He said: "In recent years, the leaders of our two countries have held consultations on major international issues on a regular basis. Bilateral trade has increased yearly, economic and technological cooperation has expanded, the exchange of visits has grown, and the number of students studying in each other's country under exchange programs has been increasing constantly. Facts prove that the development of friendly and cooperative relations between China and France not only brings benefits to both Chinese and French people, but also is in the interest of the cause of the maintenance of world peace."

Hu Yaobang added: "The gratifying development of Sino-French relations is attributed to the joint efforts made over a long time by the governments and personalities of various circles of our two countries. Here, I must particularly mention Mr Chirac. Either as a prime minister or as a mayor, you always concern yourself about the friendship and cooperation between China and France. You have made great contributions to promoting our bilateral relations. Not long ago, Your Excellency said that you had a special feeling for Sino-French relations and wanted to promote their overall development. I appreciate very much your remarks. Indeed, there is still potential for the development of relations between our two countries. Both China and France have long histories and brilliant cultures, cherish their own national independence, pursue independent foreign policies of peace, are devoted to maintaining peace, seek development, and respect each other as equals. These common points provide our two countries with a solid political basis for sound cooperation in all fields.

"China has its economic strength and weaknesses, and so does France. Our two countries can make up each other's weaknesses. This fact provides an extremely good objective condition for further developing economic and technological cooperation between our two countries. I am convinced that with our common attention and cultivation, Sino-French friendly and cooperative relations in all fields are bound to reach a new high and will continue to develop in a stable manner on a long-term basis. We are willing to join our French friends in making unremitting efforts for this objective."

On 17 June General Secretary Hu Yaobang laid a wreath at the tomb of the Unknown Soldiers near the Arc de Triomphe in Paris. In the afternoon he visited Musee du Louvre and Chateau de Versailles.

Additional Remarks by Li Peng

HK181015 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0226 GMT 18 Jun 86

[Report by correspondent Tang Hongjun: "Li Peng Says China's Door Opening Up to the Outside World Will Never Shut"]

[Text] Paris, 17 Jun (ZHONGGUO XINWEN SHE) -- Chinese Vice Premier Li Peng said to over 300 friends from French industrial and commercial circles this afternoon: China is now implementing a policy of opening up to the outside world to learn about advanced technology and management experience from abroad. This open door will never be shut again. Li Peng said this at a meeting with people from French industrial and commercial circles that the French-Chinese Committee held for him.

Li Peng said: In history, China was a developed country, developed not only in culture but also in science, technology, and economy. However, as some of the feudal dynasties in the past implemented a policy of closing our country to international intercourse, China did not learn from advanced foreign experience and became backward. This historic mistake will not be repeated by us.

In regard to the question of what are the major spheres in which China wants to learn from foreign countries at present, Li Peng said: In light of the current needs of China's construction, we hope to carry out cooperation with foreign friends in the areas of energy, communications, electronics, telecommunications metallurgy, nonferrous metallurgy, and other spheres. In the above-mentioned spheres, not only large projects, but also medium-sized and small projects of cooperation are welcome. He gave the example that as the Chinese people's living standard rises, so does their demand for cosmetics. There is very great potential in China's cosmetic market. France is well-known for its production of perfume, but so far China and France have not yet carried out any cooperation in this sphere. Therefore, China and France can carry out cooperation in any medium-sized and small projects that France is good at and that China needs.

As for the ways to carry out cooperation between China and other countries, Li Peng put forward the following three proposals: the first is normal trade and contacts. In order to achieve continuous development in this area, both sides must overcome some difficulties, concerning which, the most important is to solve the problem of trade deficits of the Chinese side. Otherwise, it will be impossible to maintain the development of trade for a long time. As far as China is concerned, in addition to providing a full supply of handicraft products, textiles, garments and other traditional products, China can also export large amounts of coal, nonferrous metal, cotton and so on. China is willing to export these products in exchange for foreign equipment and thus attain a goal of mutual benefit.

The second proposal is to provide China with preferential loans to facilitate export of French products. He stressed that this could not be said to benefit China alone because it was also an effective method to increase export of French products.

The third proposal is that China welcomes people from foreign industrial and commercial circles to set up factories in China, which can both be Chinese-foreign joint ventures and foreign-owned enterprises and which can also be invested in jointly by several countries. He said that the new investment law approved by the NPC session closed in last April provides legal guarantee for foreign industrialists and businessmen and they ought to have confidence in it.

Li Answers Questions

HK190330 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0225 GMT 18 Jun 86

[Report by Tang Hongjun]

[Text] Paris, 17 Jun (ZHONGGUO XINWEN SHE) -- At a reception held by the Sino-French committee this afternoon, Vice Premier Li Peng, who is accompanying General Secretary Hu Yaobang on a tour of France, answered the impromptu questions put to him by French businessmen.

Question: What measures will China adopt in the development of urban transportation and communications?

Answer: At present, transportation and communications in China's major cities are very strained. It is said that the subway in Paris carries 3 million passengers per day, while the subway in Moscow carries 5 million passengers per day. This shows that subways are a good system of transportation. However, their disadvantage is their high cost. In light of the present economic conditions in China, we can only build subways in a limited way. At present, we should primarily develop public buses to ease the strained transportation and communications. As for transportation in the suburban areas, we will build some light railroads and expressways to ease the strain.

Question: Please explain whether it is a good method to carry out cooperations on compensatory trade with China in the field of the coal industry.

Answer: It is a good method. China has very rich coal resources. At present, on the one hand, we are mining coal with modern methods; and on the other hand, we allow the peasants to mine in a limited way in the deep coal mines. Over the last few years, the latter has developed very fast and shown great vitality. It would surely achieve greater development if the pattern of compensatory trade could effect some technical transformations in it.

Question: What are the prospects for China's using petroleum, gas, and petrogas?

Answer: At present, China's energy resources are mainly coal, petroleum, hydropower, and natural gas. Annual petroleum output has now reached 120 million tons, and hopefully will reach 150 million tons in a few years. Nevertheless, as far as such as a large country, with 1 billion population, is concerned, this is not quite sufficient. Therefore, we will primarily use petroleum for extracting petrochemical products, rather than merely using it as fuel.

Gas is the most widely used fuel in urban areas. In places adjacent to the natural gas-producing areas, civil gas and industrial gas will be developed simultaneously. China has very good prospects in the gasification and liquefaction of coal. We are willing to carry out cooperation with foreign friends in this area.

Question: What are China's prospects in the improvement of packaging methods?

Answer: Generally speaking, China is very backward in this area. As a result, the market competitiveness of Chinese commodities is affected. In order to enter the international market, the packaging of Chinese products must be improved. Foreign friends ares welcome to carry out cooperation with us in this aspect.

Question: How will China protect the interests of foreign investors in taxation?

Answer: I am sorry! As I am not an expert in this field, I might possibly give you an incorrect answer. However, I firmly believe that as long as the policy of opening up to the outside world is adopted and foreign friends are welcome to make investments, China will surely protect the legitimate interests of investors. It is a fact that the present taxation system in China isnot perfect. Nevertheless, I deeply believe that with the passage of time, the taxation system will gradually become perfect.

Hu Visits Lyon, Returns to Paris

OW181901 Beijing XINHUA in English 1833 GMT 18 Jun 86

[Text] Paris, June 18 (XINHUA) -- Visiting Chinese leader Hu Yaobang today visited the south-eastern city of Lyon, one of the most important industrial, commercial, financial and cultural centers of France.

Hu, accompanies by Minister-delegate for Foreign Trade Michel Noir, traveled from Paris by the world's fastest commercial train the 'Train Grande Vitesse' or TGV as it is popularly known. The train covered the 460-kilometer distance in just two hours. In Lyon, the Chinese Communist Party general secretary visited an advanced subway system.

Then, a motorcade took Hu and his party to Vienne, a city 27 kilometers south of Lyon, where they visited the Orlac company, France's biggest dairy-food processor, which also has commercial links with China. At a luncheon hosted by Noir and the Government of Rhone Province Gilbert Carrere, General Secretary Hu praised, among other things, the contributions made by Rhone and Lyon to Sino-French contacts which date back to the ancient "silk road."

In the afternoon, Hu and his party left Lyon for Paris on a special airbus-310 aircraft, a number of which have been sold to China's national airline CAAC. This evening in the capital the general secretary will host a dinner in honor of Presient Francois Mitterrand at the Chinese Embassy.

Hosts Dinner for French Leaders

OW190032 Beijing XINHUA in English 0013 GMT 19 Jun 86

[Text] Paris, June 18 (XINHUA) -- Hu Yaobang, general secretary of the Central Committee of the Communist Party of China, hosted a dinner for French leaders tonight at the Chinese Embassy here.

Among the guests were French President Francois Mitterrand, Prime Minister Jacques Chirac, Minister of Foreign Affairs Jean-Bernard Raimond and other government officials.

Hu leaves the French capital tomorrow for Rome. Italy is the last stop of his four-nation Western Europe tour, that also included Britain and Federal Germany.

Roundup of Hu' Visit to France

OW181030 Bejing XINHUA in English 1010 GMT 18 Jun 86

["Round-Up: China Envisages Closer Sino-French Cooperation" -- XINHUA headline]

[Text] Paris, June 17 (XINHUA) -- Visiting Chinese Communist Party Leader Hu Yaobang today praised the traditional friendship between China and France and said he envisages closer bilateral relations during a series of meetings with French political leaders.

Speaking at a dinner held in his honor by French Prime Minister Jacques Chirac, he said China and France both have long histories and brilliant cultures, cherish their national independence, pursue independent foreign policies of peace, respect each other as equals and are devoted to maintaining peace. He said the similarities in their approaches, coupled by their complementary economies, provide the two countries with a solid political base for "sound cooperation in all fields," which is bound to reach a new high and grow steadily on a long-term basis.

General Secretary Hu, invited by French President Francois Mitterrand, is the second top Chinese leader to visit France in two years after Premier Zhao Zhiyang's trip here in June 1984. In recent years, French and Chinese leaders have held consultations on major international issues on a regular basis and bilateral trade volume has increased annually, reaching 830 million U.S. dollars last year. "The development of the friendly and cooperative relations between China and France not only brings benefits to both Chinese and French people, but also is in the interests of the cause of the maintenance of world peace," Hu said.

Chirac said France and China share identical views on world peace and stand for solving conflicts through dialogue. He also expressed his appreciation for China's consistent support for European unity. The French prime minister said because China's economic reform and modernization program have proven decisive to the destiny of the world, France attaches great importance to its cooperation with China.

Earlier today, Hu said at a luncheon hosted by President of the National Assembly Jacques Chaban-Delmas that it is the common desire of both countries to educate their children to dedicate themselves to the long-term bilateral friendship and to the cause of the world. Noting that he and Chaban-Delmas were both born in 1915, Hu said they were young men in their 20s during World War II and had dedicated themselves to the liberation of their own countries. "We saw with our own eyes some of our relatives and compatriots die during the war," he said. "We don't want to see our children experience the tragedy of a third world war."

Hu, who arrived here yesterday on a four-day official visit, held wide-ranging discussions over breakfast today with former French President Valery Giscard d'Estaing on East-West relations, disarmament and Sino-French economic cooperation. Hu briefed Giscard d'Estaing on the latest developments in China. The former French president said he is convinced that the economic structural reform underway in China is bound to succeed.

After their meeting, Giscard d'Estaing told reporters that he and Hu shared identical views on many issues, such as the need for balanced disarmament and the necessity for closer French-Chinese economic cooperation, particularly in the transfer of technology.

This morning, Chirac, who is also mayor of Paris, gave a grand reception to the Chinese leader at the Town Hall in the name of the municipal government and praised Chinese leaders for their farsightedness in implementing the policy of opening to the outside world.

Hu today also laid a wreath at the Tomb of the Unknown Soldiers and visited Musee du Louvre and Chateau de Versailles. The two ancient palaces are now national museums, noted for their large collections of precious paintings and sculptures and elegant saloons.

Also today, Vice-Premier Li Peng, who accompanied General Secretary Hu on his current visit, met with Edouard Balladur, French minister of state for economy, finance and privatization, and attended a reception held by the France-China committee, an organization formed of French businessmen.

The vice premier told the businessmen that China will expand cooperation with France in energy, transport, telecommunications, metallurgy and power generation. He proposed that the two countries adopt three methods for economic cooperation: by expanding normal bilateral cooperation, by offering preferential loans to promote French exports to China and by establishing Sino-French joint ventures or French enterprises in China.

Italian Statement Welcomes Visit

OW190123 Beijing XINHUA in English 0051 GMT 19 Jun 86

[Text] Rome, Jun 18 (XINHUA) -- The Italian Prime Minister's office issued a statement here today saying that the Chinese Communist Party leader Hu Yaobang's current four-nation Western Europe tour proves China's strong desire to expand its political and economic relations with Europe. This statement was issued on the eve of Hu's five-day visit to Italy beginning Thursday. Hu is now in France, the third leg of his European trip, which has taken him to Britain and Federal Germany.

Beijing believes the European Communities have a particularly important role in maintaining world peace and stability, the statement said. Equally, the statement continued, Europe holds that China is a fundamental element of a stable world situation and can make valuable contributions to promoting international dialogue and cooperation.

Since the establishment of diplomatic relations in 1970, it said, Italy and China have proved they have identical views on a wide-range of major international issues, particularly on peace, stability and security, through a series of exchanges of view including the talks held between Chinese Premier Zhao Ziyang and Prime Minister Bettino Craxi in 1984.

As a European country, Italy is trying to meet the increasing demands of China in economic cooperation, the statement said. Last year Italy became China's second largest trading partner in Europe, next only to Federal Germany. Italy's trade volume with China was 1.1 billion U.S. dollars in 1985, scoring a 47.2 percent increase over 1984, and reached 0.3 billion U.S. dollars in the first quarter of this year. Meanwhile, Italy and China have signed a series of agreements on scientific and cultural cooperation since 1978.

CPC DELEGATION TO ATTEND SFRY PARTY CONGRESS

OW131132 Beijing XINHUA in English 1116 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- The Communist Party of China (CPC) will send a delegation led by Xi Zhongxun, member of the Political Bureau of the CPC Central Committee to the 13th Congress of the League of Communists of Yugoslavia (LCY), to be held June 25-28.

A spokesman for the International Liaison Department of the CPC Central Committee made this announcement at a news briefing here today. The delegation will include Zhu Houze, member of the CPC Central Committee and head of the Propaganda Department of the CPC Central Committee, and Zhu Shanqing, deputy head of the International Liaison Department of the CPC Central Committee.

The spokesman recalled that a CPC delegation led by Peng Zhen, member of the Political Bureau of the CPC Central Committee, attended the Yugoslav party's 12th Congress in June 1982.

The two parties established relations in 1956 and an ICY delegation attended the CPC Eighth National Congress the same year, he said. Relations between the two parties were suspended in 1958. In 1977, Yugoslavia's President Josif Tito visited China. Party-to-party relations were resumed the following year. Since then, contacts between the two parties have become more frequent, with exchanges of high-level delegations almost every year, which include visits by CPC leaders Hu Yaobang and Hu Qili.

In recent years, the spokesman added, the CPC has sent delegations or representatives to attend the congresses of the Romanian Communist Party, the ICY, and the Italian and French Communist Parties as well as those of the Third World in Africa.

Asked about relations between the CPC had contacted the Japanese Communist Party on bilateral relations last year. "Through the contact, the two sides know each other's position and viewpoint better. We hope the two parties will look beyond the existing differences," he noted. The two parties haven't resumed relations yet, he added.

SFRY'S VRANDECIC WELCOMES ZHAO ZIYANG VISIT

OW180222 Beijing XINHUA in English 0136 GMT 18 Jun 86

[Text] Belgrade, June 17 (XINHUA) -- President of the Yugoslav Assembly Ivo Vrandecic said today the upcoming visit by Chinese Premier Zho Ziyang will boost relations between the two countries, especially economic ties. Vrandecic made his comments at a meeting with Chinese Ambassador to Yugoslavia Xie Li. The Yugoslav official said he was following with interest China's national development and its progress in instituting economic reform.

SFRY DEFENSE MINISTER MEETS PRC PLA VETERANS

OW111414 Beijing XINHUA in English 1340 GMT 11 Jun 86

[Text] Belgrade, June 11 (XINHUA) -- Yugoslav Defense Minister Branko Mamula today expressed the hope for closer cooperation between the Yugoslav and Chinese Armed Forces so as to further their traditional ties. He made these remarks at a meeting with a Chinese veteran soldiers delegation attending the 10th national conference of Yugoslav War Veterans. Mamula said Armed Forces of the two countries should continue their search for more ways to cooperate on defense.

FURTHER REPORTAGE ON POLISH PARLIAMENTARIANS' VISIT

Visit Chongqing Market

OW111002 Beijing XINHUA in English 0956 GMT 11 Jun 86

[Text] Chongqing, June 11 (XINHUA) -- A visiting Polish Parliamentary delegation, led by Marshal Roman Malinowski, visited an open market in the southwest China city of Chongqing here earlier today. With interest, Malinowski inquired about the prices of vegetables, fish and meat on sale and chatted with people at the market.

The visitors then visited the Shiqiao Village on the city's outskirts, where they inspected a plastic factory and a brickyard and called on two peasant households. In the afternoon, Malinowski and his party toured an industrial trade center and went sightseeing in the city. The delegation arrived here from Hubei Province yesterday.

Tour Shanghai Sites

OW121056 Beijing XINHUA in English 1042 GMT 12 Jun 86

[Text] Shanghai, June 12 (XINHUA) -- A Polish Parliamentary delegation led by its marshal, Roman Malinowski, visited China's largest industrial city of Shanghai today. They cruised on the Huangpu River and toured the Baoshan Steel Works, one of the biggest in China.

Malinowski wrote a few words in the works' guest book, saying that the Polish Parliament congratulated on this achievement for modernization in China's economic construction and wished the second phase of the project a success. He also conveyed the best regards of the Polish Parliament and people to the steel workers and staffers there.

Shanghai's People's Congress Standing Committee gave a banquet in their honor in the evening.

Parliamentarians Conclude Visit

OW131202 Beijing XINHUA in English 1019 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- The Polish Parliamentary delegation led by Marshal Roman Malinowski wound up its friendly visit to China and left here for home today.

Ye Fei, vice-chairman of China's National People's Congress Standing Committee, saw the delegation off at the airport.

Before his departure, Malinowski told reporters that most of his delegation members have been on their first trip to China, which proved the Chinese saying "seeing is believing." China's traditional culture, industrious people and the ongoing economic restructuring have left a deep impression on them, he said.

He noted that both China and Poland have taken a creative attitude towards theory and practise, and the two countries, though in different conditions, have also adopted same or similar methods. Malinowski expressed the wish that the Chinese people will realize their great goal.

PRC Visit 'Fruitful'

OW140850 Beijing XINHUA in English 0653 GMT 14 Jun 86

[Text] Warsaw, June 14 (XINHUA) -- The first visit to China by a Polish parliamentary delegation in 35 years was "very fruitful" and "conducive to deepening cooperation between the two countries," Roman Malinowski, head of the delegation said. Malinowski told reporters on his return from China Friday that during their talks in Beijing, representatives of the two countries agreed to expand bilateral cooperation in various fields, including energy and transport.

Malinowski, marshal of the Polish Parliament, said that Poland would like to participate in the modernization of factories which it helped to build in China in the 1950s.

He said he discussed trade and economic cooperation with Chinese officials and that his country was particularly interested in establishing joint ventures and developing direct trade ties with China's big cities and provinces such as Shanghai and Yunnan. The marshal said cooperation between trade, youth and other social organizations was also discussed.

The Polish parliamentary delegation's visit to China was the first of its kind since the two countries established diplomatic relations in October 1949 and was in response to the visit by a delegation of the Chinese National People's Congress which went to Poland last year.

POLISH HEALTH MINISTER PRAISES CHINESE MEDICAL WEEK

OW170636 Beijing XINHUA in English 0604 GMT 17 Jun 86

[Text] Warsaw, June 16 (XINHUA) -- Miroslaw Cybulko, Polish minister of health and social welfare, said the "Chinese Medical Week" has enhanced friendship and understanding between the two countries' medical circles, and will lead to more medical exchanges between China and Poland. The Polish minister spoke during a meeting today with the Chinese delegation led by Gu Yingqi, deputy minister of Chinese Health Ministry. The first "Chinese Medical Week' sponsored by Poland ended here today.

The Chinese delegation consisting of medical professors from hospitals and medical colleges in Beijing and Shanghai reported on Chinese medical achievements and their professional activities in several Polish cities. The delegation, which arrived June 8, leaves Warsaw tomorrow for Czechoslovakia.

GDR URGES U.S., USSR TO DISMANTLE NUCLEAR WEAPONS

OW180312 Beijing XINHUA in English 0055 GMT 18 Jun 86

[Text] Berlin, June 17 (XINHUA) -- Willi Stoph, chairman of the Democratic German Council of Ministers, today offered to make Democratic Germany a non-nuclear corridor if Washington and Moscow work toward dismantling medium-range nuclear weapons in Europe. Speaking at a People's Chamber session, Stoph also called on Federal Germany to take a "realistic" view over its participation in the U.S. Strategic Defense Initiative, or "star wars," project.

Stoph, 71, who retained his post yesterday at the first session of the ninth People's Chamber, said he regrets what he called Bonn's failure to respond positively to Democratic Germany's appeal for negotiations to set up a non-nuclear corridor. Relations between the two Germanys cannot develop unless it is based on the international law, Stoph said.

Stoph said that in forming foreign policy, Democratic Germany wants to ensure favorable external conditions for building an advanced socialist society while working to remove the danger of war and confrontation through international cooperation.

Stoph said his government will give priorities to the country's economic development as envisaged by the Communist Party's 11th National Congress. He urged all economic sectors to research and adopt sophisticated technologies to ensure continued development.

GDR'S HONECKER PRAISES NEW WARSAW PACT PROPOSAL

OW140705 Beijing XINHUA in English 0556 GMT 14 Jun 86

[Text] Berlin, June 13 (XINHUA) -- Democratic German leader Erich Honecker today praised the Warsaw Pact's new disarmament proposal and urged Washington and Moscow to continue their political dialogue. At a meeting of the Central Committee of the Socialist Unity Party of Germany, Honecker said the proposal to reduce conventional arms and forces by both the Warsaw Pact and NATO was of "great importance" and its implementation would contribute to turning Europe "from an explosive powder keg into a continent of peace, security and cooperation."

The Warsaw Pact's summit, held last Tuesday and Wednesday in Budapest, tabled a major East-West troop reduction plan that calls for cuts of 100,000 to 150,000 men on each side over the next one or two years and a 25 percent cut in troop strength for both sides by the early 1990s.

Honecker was quoted by the Democratic German news agency ADN as saying that Western claims that the implementation of the proposal would bring about the Warsaw Pact's superiority in the conventional troops were "nothing but a lot of noise."

Honecker criticized the United States for wanting to abandon SALT-2 and denounced its Strategic Defense Initiative space armament program, its adventurous actions against Libya and its policy of threats and blackmail in Latin America, ADN said.

Honecker said that political dialogue was "an essential instrument" for clearing the way for concrete agreements. "We are for continuing the political dialogue begun in Geneva," he said.

CONSULAR TREATY WITH GDR RATIFIED 17 JUN

OW180146 Beijing XINHUA in English 0119 GMT 18 Jun 86

[Text] Berlin, June 17 (XINHUA) -- A new consular treaty between China and Democratic Germany was ratified today at the second session of the Ninth People's Chamber. The new consular treaty, signed by Chinese Foreign Minister Wu Xueqian and Democratic German Foreign Minister Oskar Fisher on May 31 in Berlin, will replace the previous one concluded in 1959 after it comes into force.

ROMANIA'S CEAUSESCU FOR WARSAW DISARMAMENT PLOY

OW150213 Beijing XINHUA in English 0153 GMT 15 Jun 86

[Text] Bucharest, June 14 (XINHUA) -- The proposal adopted by the Warsaw Pact summit to reduce conventional forces by 25 percent before 1990 is extremely important, Romanian leader Nicolae Ceausescu said today at a mass rally in the central city of Brasov.

He said if the program is carried out, further measures to reduce conventional weapons and military expenditure by 50 percent by the year 2000 can be implemented.

Ceausescu said these reductions will result in greater trust and peaceful cooperation between nations, thus saving large amounts of financial resources and manpower for each country's economic and social development.

Even before Soviet leader Mikhail Gorbachev put forth his proposal on conventional forces at Democratic German's Socialist Unity Party Congress, Ceausescu has stressed a comprehensive program which centres on nuclear disarmament and includes the reduction of all conventional weapons.

He said that armaments should be decreased by at least 50 percent and a ceiling set on the weapons and armed forces of all countries, especially the super powers.

TIAN JIYUN MEETS HUNGARIAN COOPERATIVES GROUP

OW131437 Beijing XINHUA in English 1412 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- Vice-Premier Tian Jiyun met here today a delegation from the Consumer Cooperative Societies of Hungary led by Istvan Szlameniczky, president of the National Council of the Consumer Cooperative Societies.

They exchanged views on strengthening economic cooperation and trade between the two countries as well as cooperation between their cooperatives.

The Hungarian delegation arrived here June 5 at the invitation of the All-China Federation of Supply and Marketing Cooperatives.

DENG XIAOPING MEETS WITH RONG FAMILY

OW182002 Beijing XINHUA Domestic Service in Chinese 1318 GMT 18 Jun 86

[By reporter Zou Aiguo]

[Excerpts] Beijing, 18 Jun (XINHUA) -- "Contratulations on your family reunion," said Deng Xiaoping, chairman of the Advisory Commission of the CPC Central Committee, when he extended his welcome and greetings to some 200 members of the Rong family this morning. The Rongs, from both at home and abroad, are visiting Beijing on invitation. Deng Xiaopong happily said: "The Rong family has made tremendous contributions to the development of China's national industry."

Deng Xiaoping said to Rong Erren, the second elder brother of NPC Standing Committee Vice Chairman Rong Yiren: "Your Rong family's development of national industry is a contribution to the nation."

Ron Erren told Deng Xiaoping: "You are a great man, well-known throughout the world."

"I did a little work while most of it was done by others, including Comrade Rong Yiren," said Deng Xiaoping pointing to Rong Yiren. "They have done a great deal of work."

Deng Xiaoping, now 82, told Ron Erren and other visitors: Since the downfall of the "gang of four," we have created a good condition which enabled you to return for a family reunion. Such a condition was nonexistent in the past. Your family reunion is a happy event. We should strive for a great unity of the whole Chinese nation.

Deng Xiaoping said: Now that you are here visiting, you should try to see more places in order to know the present situation of our country. You may visit again in 2 or 3 years. Then, you will see the changes in our country and know how we are making progress.

During the conversation, Deng Xiaoping briefed the visitors on the blueprints for China's construction at the end of the century and at the centennial of the People's Republic. He also told them about China's foreign policy. He said: We pursue an independent foreign policy and oppose whoever practices hegemonism. We also oppose whoever infringes upon others' interests. We talk and act reasonably. We will persist in such a policy.

Deng Xiaoping was full of confidence in a bright future. He said: Our country is full of promise. I hope that our compatriots, Overseas Chinese, and people of Chinese descent living abroad will take part in our cause of development. Pointing to Rong Yiren, Deng Xiaoping told Rong Erren: "In this regard, your brother can be your guide." All the Rongs burst into laughter.

Also present at the meeting were Wang Zhen, Yan Mingfu, Tang ke, Wang Hanbin, and Zhou Shaozheng.

Peng Zhen Lauds Rong Family

OW181308 Beijing XINHUA in English 1150 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- The contributions of the Rong family to the development of China's industry deserve to be fully recounted in Chinese history.

This comment was made by Peng Zhen, chairman of the Standing Committee of the National People's Congress, here today when he met the relatives of Rong Yiren, vice-chairman of the NPC Standing Committee and chairman of the Board of Directors of the China International Trust and Investment Corporation (CITIC).

Peng praised the Rong family for its efforts to save the country by way of developing national industry before liberation in 1949.

Some of the Rongs built flour mills, textile factories and machinery plants in old China and some have contributed to China's development and international contacts.

Peng told the 200-odd relatives, who had travelled to China from their homes abroad, that China has made great progress over the past three decades. He added that some errors and mistakes did occur during the period but were corrected by China itself.

Peng asked Rong's relatives to give their suggestions and opinions on China's construction, adding that people of Chinese origin both at home and abroad can take part in China's modernization program.

Peng said that China had shifted its work focus onto economic development while great efforts are being made to bolster the legal system.

DISCIPLINE INSPECTION COMMISSION HOLDS MEETING

OW180607 Beijing XINHUA Domestic Service in Chinese 0752 GMT 17 Jun 86

[Excerpts] Beijing, 17 Jun (XINHUA) — At a national meeting on the work of hearing cases held from 9 to 15 June, the Central Discipline Inspection Commission discussed the questions of how to investigate and handle cases of violations of party discipline in such a way as to embody the party's line, principles, and policies in a better way, and of how to enhance quality in handling cases; and bring about a fundamental turn for the better in party work style at an early date.

The meeting held that in handling cases involving violation of party discipline, it is essential to adhere to the principle of seeking truth from facts, of combining strictness with merits and to implement the party principle of "learning from past mistakes to avoid future ones and curing the sickness to save the patient" in dealing with erring party members. It is necessary to correctly understand the relationship between strictly enforcing party discipline and improving party work style on the one hand and carrying out reforms and economic development on the other hand and to use good party work style and strict party discipline to ensure the smooth progress of reforms and economic development. Education should be emphasized in handling errors committed in work due to lack of experience. Lessons in this regard should be summed up in order to improve work. In dealing with criminal and disciplinary offenses such as placing personal interests high above those of the party and the people, abusing authority to seek personal interests, seeking interests for small groups in one's units or departments at the expense of damaging the interests of the party and the people, and causing grave economic and political losses by dereliction of duty resulting from bureaucracy, and in dealing with other serious problems of damaging party style and violating party discipline, it is essential to remove all obstacles and mete out disciplinary punishment. Those who commit crimes should be punished by judicial departments according to the law.

The meeting was presided over by Qiang Xiaochu and Chen Zuolin, secretaries of the Central Discipline Inspectin Commission. Qiang Xiaochu delivered a summing-up speech at the meeting. After circulating a notice on the fundamental situation in improving the party style after the 8,000-strong meeting convened by the CPC Central Committee and on future work, he emphasized in his speech the need to give full play to the important role played by the work of hearing cases.

Qiang Xiaochu stressed: It is essential to improve the organs in charge of hearing cases, especially those at the country level, and to adopt varied methods of training cadres in charge of trying cases. It is necessary to constantly raise the political and vocational level of such cadres. He urged the cadres in charge of trying cases to demonstrate uprightness, tenacity, and impartiality in their work so as to make it fit the new situation.

At the opening ceremony of the meeting, Sun Tonghui, member of the Central Discipline Inspection Commission and director of its department in charge of hearing cases, delivered a report "Conscientiously Do a Good Job in Hearing Cases in Order to Bring About a Fundamental Turn for the Better in Party Style." Attending the meeting were more than 100 people, including members of the Discipline Inspection Commissions of the provincial, regional, and municipal party committees; members of the PLA Party Discipline Inspection Commission and of the party discipline inspection commissions of various central organs; and comrades in charge of trying cases.

RENMIN RIBAO ON CHANGING LEADERS' WORK STYLE

HK180614 Beijing RENMIN RIBAO in Chinese 13 Jun 86 p 1

[Commentator's article: "Leaders Must Personally Solve Problems"]

[Text] What is the biggest problem in our work? What must first we change first? Perhaps, many cadres and ordinary people have deeply felt that many problems in their work and lives cannot be effectively solved. It is not difficult to find such unpleasant phenomena: Some problems which should have been solved long ago remain unsolved, and many things which ought to be settled have not been settled. Why? Because no one is responsible for such things. Some of our leading organs and responsible cadres merely indulge themselves in idle talk and merely give general instructions. They are willing to personally tackle some concrete problems. This major defect has adversely affected our work and our socialist modernization cause, and must be corrected.

Idle talk may harm the nation's interests. This is a lesson we have drawn form China's historical experience. However, some of our comrades have been tainted with this bad habit. They indulge themselves in empty talk without dealing with any actual problems, and they merely give some general instructions and do not care about the handling of concrete affairs. Now everyone is talking about overcoming bureaucratism. In fact, the specter of bureaucratism is still haunting us. The prevailing habit of idle talk is a clear demonstration of bureaucratism.

In order to correct this unhealthy work style, we must do our work and handle concrete issues in a down-to-earth manner. Discussions are always too general, and only the process of solving actual problems is concrete. We should frequently inspect our concrete work in all fields so as to promptly discover and solve problems.

There are not only many questions requiring thought and discussion facing cadres, but there are also many "algebraical equations" which they have to solve concretely step by step. In a word, an important and urgent duty for leading cadres is to personally settle concrete problems.

Some comrades may say: Our leading organs have to ensure the implementation of the major principles and policies and to control the overall situation, so how can they directly take care of the trivial things? This argument sounds rather reasonable, but it is in fact untenable. What is a trivial thing? The redress of the wrong done to a comrade in the past seems a trivial thing, but if this mishandled case is not thoroughly redressed, it may affect the credibility of the party's policy. So it should not be regarded as a trivial thing. Some specific difficulties in people's daily lives seem to be trivial things, but if they are not settled, they may affect people's enthusiasm for the modernization cause. So they should not be considered trivial things either. Even though they are trivial things, so long as they are matters within the scope of the functions of a department or a unit, the department or unit concerned must not disregard such things. Our overall work is composed of many minor and concrete matters. Without properly handdling these concrete matters, we will not be able to really and efficiently handle our overall work.

Lenin was correct in saying: "We should not be visionaries who merely want to accomplish big things. Instead, we should be realistic statesmen who are good at meeting various minor requirements, because these minor things will help us accomplish a great cause."

Some comrades may say: Because we are so busy, how can we take time to look after the concrete matters? It is true that we are all very busy. But if we think that leading cadres should only handle the endless meetings and paperwork, we will never be able to successfully and effectively exercise leadership. Leaders must go deeply to grass-roots units and go deeply among the masses to solve concrete problems there. Our leading cadres must have this work style and work method. This is also an indispensable part of their leadership work and is their unshirkable duty which they must fulfill no matter how busy they are. In this regard, the central leaders have set a very good example for all of us, and leading cadres at various levels should learn from the practice of the central leaders.

Now we are pursuing a great and arduous cause. In the process of fulfilling this cause, we must settle many concrete problems one by one, no matter whether the problems are big or small. We take a step forward after solving each problem. High-sounding remarks cannot advance the process of history. If we persist in dealing with every problem and can settle every problem we encounter thoroughly, then our situation will become better and better, and our cause will become more propserous. So it is hoped that all comrades in leading posts will often ask themselves: What solid work have I done recently? What concrete affairs have I handled?

XINHUA COMMENTATOR VIEWS FALSIFYING REPORTS

OW190303 Beijing XINHUA Domestic Service in Chinese 1101 GMT 18 Jun 86

[XINHUA commentator: "Do Not Seek an Undeserved Reputation; Oppose the Practice of Exaggeration"]

[Text] Hefei, 19 Jun (XINHUA) -- Anhui's Laian County has taken the initiative to expose and correct some cadres' mistakes of falsifying and exaggrerating reports on their work of helping the poor. We should not only praise the Laian County CPC Committee's courage by exposing these mistakes, but should also hail its practical work style of not seeking an undeserved reputation and distinguishing falsity from truth.

To reflect actual situation and submit statistical data to the state according to the facts is the responsibility and required of every cadre. "The statistical law of the People's Republic of China" clearly stipulates that, in submiting statistical data, it is not permitted to falsify reports, hold back from reporting facts, refuse to report or delay reporting, nor it is permitted to forge or tamper with any reports. Those committing serious offense by falsifying statistical data or holding back from reporting will be subject to administrative disciplinary actions.

Lately, the malpractice of falsifying and making exaggerated reports has again begun to prevail in some localities. In discussing cadres' work style, the CPC Central Committee's Document No 1 of this year specifically points out: "We should advocate the down-to-earth manner of doing things and pay attention to practical results, and should not seek an undeserved reputation by exaggerating things; in particular, we should oppose the malpractice of falsifying and making exaggerated reports in order to deal with higher-level authorities." Therefore, this issue must not be treated casually.

Judging from what has taken place in some localities, the practice of making exaggerated reports is closely related to inappropriate comparison with others. Some people tried to compare themselves with what had been achieved by those around them, some with what had been accomplished by preceding cadres, some with the targets set at the beginning of the year or by the personal responsibility system. Some comrades, when their performance is not as good as that of others, tend to resort to falsifying reports instead of working harder to catch up. Of course, comparing with others is just something that can be seen from the outside. Behind this, it is usually an attempt to curry favor with one's superiors and win undeserved honors.

There is the argument that, since the implementation of the household responsibility system, statistical work has become much more difficult, and therefore exaggerated reports are unavoidable. This argument is incorrect. It is true that, since the institution of household responsibility, statistical work has become more difficult because all data is obtained from thousands of households, and therefore inacuracy is sometimes unavoidable.

But, how can one link the inacuracy resulting from objective factors to exaggerative reports fabricated willfully? To say that statistical work has become more difficult is acceptable, but not that exaggeration is unavoidable.

Still another argument is also incorrect. This argument says that the situation in rural areas has been very good, and therefore some exaggerations will not do any great harm. Comrades supporting this argument do not understand that exaggerated reports will mislead the higher authorities when analyzing the actual situation, which will lead to wrong decision-making. They will also corrupt cadres and undermine the relations between the party and peasants. How can one say this will not do any great harm? People probably still well remember how seriously the malpractice of making exaggerated reports in 1958 damaged our development efforts. Seeking an undeserved reputation unvariably brings about calamity. We should bear in mind this profound lesson.

How then, do we prevent making exaggerated reports? To promote seeking truth from facts among cadres is one way, and to discipline those engaging in serious malpractices is another. However, the more important thing is for leaders at a higher levels, like responsible persons of the Laian County CPC Committee, not to crave greatness and success and just listen to what they like to hear. They should devote greater efforts to analyzing reports submitted by their subordinates. Whenever in doubt, they should go deep to grass-roots units and remote areas to conduct serious investigations in order to find the facts. If leaders at a higher levels could make several such fact-findng trips, those who used to make exaggerated reports would not dare continue to do so because they would then realize that such acts cannot fool those at higher levels and that nothing can be gained from such acts.

BEIJING TV COMMENTS ON WAYS TO PROTECT REFORMERS

HK181418 [Editorial report] Beijing Domestic Television Service in Mandarin at 1000 GMT on 16 June carries a 2-minute film clip on five specific measures taken by Xian to protect progressive figures in reform efforts.

The announcer identifies the five specific measures as follows: "1) With regard to controversial matters occurring in reform, leaders of the departments in charge should not arbitrarily suspend or stop these things as long as they are useful to the development of production; 2) inappropriate methods for dealing with faults in reform should be corrected. Generally speaking, it is unnecessary to investigate and affix responsibility to individuals; 3) a clear line of demarcation should be drawn between erroneous decisions and the pratice of abusing power for private gain; 4) departments in charge should take the initiative to provide service for enterprises engaged in reform; 5) those who spread rumors and malign reformists viciously are accountable for their actions."

The film clip shows several cadres holding a discussion with technical workers in a laboratory. Several technicians are then shown working in a workshop.

The film cuts to medium and close-up shots of (Zhao Jianmin), director of the Xian chemical engineering research institute, working with his colleages in a laboratory. The announcer says that he was bold in carrying out reform, however he was blamed by other people not long ago. The announcer adds that the department in charge has now affirmed his achievements, and has encouraged him to continue to carry out the reform. Zhao is shown drafting a report on developing lateral links for production and scientific research. The announcer notes that he is happy when he learns about measures taken by Xian to protect reformists, and that he expresses his determination to carry on his reform through to the end.

Following the film clip, the announcer reads the following commentary: "Reform is the trend of the times and also an imperative matter. However, on the road of reform, twists and turns will inevitably occur. We arealso bound to find certain shortcomings and mistakes made by the reformists. How should we treat them then? Instead of paying lip service alone, or doing things in a manner like a gust of wind, Xian City has done solid work. There is no doubt that the five specific measures taken by Xian City will play a positive role in truly supporting and helping reformists, striking blows at those who frame and harm the reformists, and ensuring the smooth accomplishment of economic reform in our country."

WANG MENG VIEWS LITERATURE, ART SITUATION

HK180631 Hong Kong ZHONQGUO XINWEN SHE in Chinese 1324 GMT 17 Jun 86

[Report by Wang Jiabin: "Wang Meng Says and Art Circles But There Are Also Some Inharmonious Factors" -- ZHONGGUO XINWEN SHE headline]

[Text] Harbin, 17 Jun (ZHONGQUO XINWHEN SHE) -- Wang Meng said that the ideology in the present Chinese literature and art circles is more lively than ever before. However, there are still many inharmonious factors and there is still a long way to go before truly free discussions can be carried out on equal footing.

Invited by the Heilongjiang Provincial Federation of literature and art circles to attend the "Art Festival of the Dream of Red Chamber" from Beijing, Wang Meng, the vice chairman of the Chinese Writers' Association, commented on the situation in literature and art.

He said that, at present, as there are many varied and divided opinions in literature and art circles, it is very difficult to find a case where people unanimously approve or disapprove of a work. This situation is normal and gratifying. However, due to the tradition of leveling mass criticism in China over the last few decades, some people are very unaccustomed to exchanging views calmly. Whenever offering criticism, some people tend to assume a very important pose, solemnly proclaiming that "we hold that" or "we Marxists maintain that," which makes others very nervous.

Wang Meng said that there is a very abnormal atmosphere in the literature and art circles in which faultfinders are more important than workers and fualtfinders outnumbered workers.

He said that at present the masses are not very satisfied with the works created by the literature and art workers. He hopes that after relaxed and better conditions have been created, the literature and art workers will be able to create works truly loved by the masses.

NATIONAL MEETING EXAMINES PARTY DISCIPLINE

OW180556 Beijing XINHUA in English 0542 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- All cadres in charge of examining cases involving violations of the Communist Party discipline must be "upright, outspoken, and impartial", a senior party offical said at a conference which closed here last Sunday.

Qiang Xiaochu, secretary of the party's Central Discipline Inspection Commission, said that handling of these cases must be quick and accurate.

He was speaking at a national conference on the examination of cases involving violations of party discipline. More than 100 party officials from local discipline commissions all over the country attended the closed-door meeting between June 9 and 15.

According to remarks released today, the meeting discussed principles to guide the handling of such cases and policies toward violators of party discipline.

The meeting agreed that the cases must be handled with great care. Conclusisions must be based on facts and disciplinary actions must be appropriate.

The campaign against the violations is aimed at strengthening party discipline and ensuring the smooth progress of economic reforms. Efforts should be made to help those who made mistakes in their work because of lack of experience.

But punishments must be given to those who abused their power for selfish gains, those who neglected their duties and brought great economic and political losses to the state, and those who made profits for individual departments at the expense of the state interests. Violators of the law must be punished according to law.

The meeting also agreed that great care must be made in handling cases involving the interests of the masses. Punishment of the violators must not implicate their innocent families.

RENMIN RIBAO ON TRADE, PRODUCTION COOPERATION

HK130825 Beijing RENMIN RIBAO in Chinese 6 Jun 86 p 2

[Commentator's article: "When the Production and Foreign Trade Departments Are of One Mind, Clay Can Be Changed Into Gold"]

[Text] Zhuzheng County's foreign trade and production sectors have worked in full cooperation and with unity of purpose in developing production of commodities for export and thus quickly created a new situation for the export of its goods. Its experience proves that when the production and foreign trade departments are of one mind, clay can be changed into gold.

In our work to export goods and earn foreign exchange, our production and foreign trade sectors both play an important role. The former has the advantages of being able to organize production and develop products; while the later has the advantage of being able to open up international markets and sell goods there. Only when they closely coordinate with each other, and carry out a division of labor and cooperation between them can they score magnificent achievements in exporting goods and earning foreign exchange. Now, the production sectors in some areas have bypassed their foreign trade departments and carried out foreign trade on their own; or the foreign trade departments have stopped their long-standing cooperative relations with production enterprises and had other production units carry out production for export. This has separated the production sector from foreign trade departments and often caused losses to both. We should conscientiously draw lessons from it.

Adhering to the principle of mutual benefit is an indispensable condition for consolidating and developing the cooperation between production and trade. In the reform in our foreign trade system in the past 2 years, some production-foreign trade joint ventures have been established in some departments and areas, but our failure to properly distribute interests between the two parties often hinders the fulfillment of the tasks of export and foreign exchange earning. The inernational market is always changing, there is alwyas some risk in the production of commodities for export. A foreign trade department should not act in accordance with the old rule that the "whip is applied when the market is favorable while the knife is applied to cut production when the market is unfavorable. By so doing, it often hurts the interests of our production units. A production unit should not bypass the foreign trade department and export goods on its own when it sees a favorable market. In carrying out joint ventures between production and foreign trade sectors, we should encourage the practice of making joint investment, carrying out joint management, and sharing risks and interests.

Our production and foreign trade seectors should really cooperate with one heart and one mind. They should break away from the old concepts of departmental and regional ownership, regard developing the socialist commodity economy as their task and foster the new idea of developing international trade. Only by so doing can our production and foreign trade sectors units with each other and reinvigorate our export and foreign exchange earnings undertaking with one heart and one mind.

GUOJI SHANGBAO NOTES REDUCED FOREIGN INVESTMENTS

HK180847 Beijing GUOJI SHANGBAO in Chinese 5 Jun 86 p 1

[Dispatch by reporter Wu Xinhui: "China's Absorption of Overseas Investment Has Slowed Down in First 4 Months of This Year]

[Text] Ningbo -- From last January to April, our country gave new approval to a total of 327 Chinese-foreign joint and cooperative ventures and foreign-owned enterprises. The contracts involved over $500 million in foreign investment, or 600 million if on cooperation in prospecting offshore oil, international renting, and compensation trade are included. This was what this reporter learned from the symposium on the utilization of foreign investment that was held by the China International Economic Cooperation Society in Ningbo City in late May.

Among the porjects approved this year, there are 172 Chinese-foreign joint ventures involving contracted foreign investment of abut $230 million, 148 Chinese-foreign cooperative ventures involving contracted foreign investment of more than $280 million, and 7 foreign-owned enterprises with about $1.2 million investment.

According to our statistics, from 1979 to the end of 1985, our country's contracted absorption of direct overseas investment totaled $18.1 million in more than 6,300 items, among which, 2,341 were Chinese-foreign joint ventures, 3,823 were Chinese-foreign cooperative ventures, 120 were foreign-owned enterprises, and 35 were items of cooperation in prospecting offshore oil.

In 1984 and 1985, our country's absorption of direct investment from abroad clearly quickened. As a large number of coastal cities and areas were further opened up to the outside world, as interior provinces and regions also conscientiously developed external economic and technological cooperation, and as the state's laws and regulations on foreign economy were gradually perfected, over the past 2 years, foreign businessmen's investment in China has risen drastically. Not only the amount of investment and the number of projects rose quickly, but the sources of funds also expanded. The investment by American, West European, and Japanese businessmen increased. This changed the situation in the early stage of Hong Kong and Macao businessmen playing a dominant role. Of the investment items, the proportion of productive projects has increased year by year and the construction of some large productive projects in particular brought about a radical change in the setup of Sino-foreign joint ventures.

Participants in the symposium from various areas reported that the projects absorbing foreign capital, for which construction was completed and which had been put into operation, were mostly producing satisfactory economic results and had benefited both the Chinese and foreign sides. Many projects have introduced from abroad advanced and applicable technology and played a positive role in improving our country's level of production technlogy, expanding its exports, and producing substitutes for its imports. The construction of a number of guesthouses and projects of a service nature are also urgently needed by us in improving our investment environment and developing tourism. The participants held that in the light of the needs of our country's economic development, the shortage of funds, and backward production technology in some sectors, in the future we should absorb direct investment from abroad on an even larger scale. This is also an important aspect of the policy of opening up to the outside world that our country is carrying out.

In the first 4 months of this year, the pace at which our country absorbed direct investment from abroad slowed down compared with the preceding 2 years. This was caused by diverse factors. The participants held that under current conditions at home and abroad, in order to accelerate the absorption of foreign investment, we had to focus on solving a few domestic problems satisfactorily. First, before we have completed a thorough reform in our domestic economic management system, we should intensify our administration over the work of utilizing foreign capital. With the extended scale of the use of foreign capital, more and more departments are involved in Sino-foreign joint ventures, disputes between the sides have increased, and the problem of "difficulties in handling affairs" has become prominent.

At present, there is not yet an administrative department specializing in administering enterprises that utilize foreign capital and there is an urgent need to set up an organ of coordination to resolve problems concerning foreign-owned enterprises. The laws and regulations on foreign economy should be based on the fundamental law. They should coordinate and correspond with each other so that there are laws to follow and places to make complaints, and so that better conditions are created for foreign investment. Second, it is necessary to implement the existing policies and regulations. For example, the question of using products of Sino-foreign joint ventures as import substitutes is not yet thorougly resolved in certain departments. Consequently, the state has suffered losses and it has also become difficult for certain joint ventures to maintain a balance in their foreign exchange.

Many people expressed the view at the symposium that enterprises utilizing foreign capital should serve our exports for foreign exchange earnings and the establishment of an export-oriented economy. Therefore, it is a good method that foreign trade and industrial enterprises cooperate with each other in absorbing foreign investment and jointly set up Chinese-foreignjoint ventures. Last year, Shanghai Municipality's foreign trade enterprises cooperated with industrial enterprises in setting up 19 joint ventures with foreign businessmen. In these enterprises, the Chinese and foreign sides organize the export jointly, and thus overcome certain conflicts between the exports of joint ventures and the exports of ordinary trade and achieved relatively good results. They all thought that this experience was worth popularizing.

STATEMEMT ISSUED ON FOREIGN JOINT VENTURES

OW181300 Beijing XINHUA in English 1107 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- Sino-foreign joint venture skyscrapers in China will be mainly designed, managed, and constructed with Chinese materials using Chinese labor, the State Planning Commission announced today. The statement was made based on a two-month study which showed that the country has the ability to complete engineering designs, manage engineering projects, and provide steel structure welding and hoisting.

China can construct skyscrapers by importing certain design techniques, materials and equipment from abroad. In this way, it will use more home-made materials and equipment and save foreign exchange and construction funds. If the project is designed by a foreign firm, the company should invite Chinese partners to participate, according to the State Planning Commission.

JINGJI RIBAO ON INCREASE IN PRC BANK SAVINGS

HK171023 Beijing JINGJI RIBAO in Chinese 29 May 86 p 2

[Report by the Survey and Statistics Department of the People's Bank of China: "China's per Capita Bank Savings Reaches 154.5 Yuan"]

[Text] During the Sixth 5-Year Plan period, China's saving deposits, including both urban and rural areas, increased by 122.3 billion yuan, or more than four times over 1980. Compared to the total increase of the past 28 years before 1981, the amount increased by 3.1 times.

By the end of 1985, the savings deposit balance of urban and rural areas totalled 162.26 billion yuan. Taking the country as a whole, the per capita savings deposit was 154.5 yuan. Savings have become a stable and important source of capital for China's economic construction.

During the Sixth 5-Year Plan period, China's development of savings deposits was marked by the following characteristics: First, it was a sharp increase. On average, the annual growth of savings deposits over the 5 years was 24.46 billion yuan. Second, the amount of fixed savings deposit grew most rapidly. The increase was about 92 billion yuan, accounting for 75 percent of the total increase. Third, the growth rate of savings deposits in the rural areas was greater than that in urban areas. During the 5 years, the savings deposits of rural areas increased by 44.78 billion yuan.

ATTENTION TO PSYCHOLOGICAL COUNSELLING STRESSED

HK180249 Beijing CHINA DAILY in English 18 Jun 86 p 3

[By staff reporter Chen Pingjun]

[Text] Psychological counselling, largely ignored in China until recently, is beginning to receive attention and gain recognition.

A clear sign of such a change is the present 10-day lecture course in Beijing. The series of lectures on "psychological counselling" is sponsored by the Chinese Mental health Association and attended by medical doctors, teachers, psychiatrists, social workers and local medical department officials from across the country.

"We expect the lectures to help develop China's psychological counselling, which has proved to be in great demand," said Chen Xueshi, head of the association's council.

Psychological counselling has been restoring its reputation over the past few years in China, where all subjects related to psychology and the name of Freud had been regarded as "bourgeois" and "pseudo-scientific" until recently.

The association was restored just last year and Chinese psychologists gathered last September for the first nationwide exchange of information since Liberation in 1949.

Counselling services are available only in a few large cities, including Guangzhou, Beijing, Shanghai, Nanjing and Fuzhou. The lack of professionals is the key factor blocking a rapid development of the science in China, according to Chen at the beginning of the 10-day lecture programme on Monday.

There are some 1,000 professional psychologists and researchers in China and nearly 100 psychology students graduate each year from universities. The lectures are aimed to exchange information and to step up the training programme of Chinese therapists. The lectures include Professor Leslie Cheng and Dr May Tung, two Chinese-Americans invited to attend by the association.

"We will hold a forum focusing on the psychological counselling of adolescents, especially schoolchildren, in August," Wen Guaren, Secretary General of the Chinese Mental Health Association, told CHINA DAILY.

Last year, two psychological counselling centres were established in Beijing and they turned out to be very helpful. One, at a women's federation, received patients who suffered from mental problems that derived from family disputes. Most patients were people who were not ill enough to go to mental hospital but needed treatment or counselling badly.

Chen Xueshi said in a previous interview that "as the subject of mental health has just been reinstated in China and is quite new to most people, one of our urgent jobs is to stress its importance to people."

"As China adopts the one-family-one-child policy, the issue of whether the generation of only children can grow up in good mental health weighs heavily on China's future."

CIRCULAR ON GRAIN, OIL PROCUREMENT ISSUED

OW140809 Beijing XINHUA Domestic Service in Chinese 0745 GMT 13 Jun 86

[Text] Beijing, 13 Jun (XINHUA) -- The State Council recently issued a "circular on summer grain and oil procurement."

According to the State Council, while watching closely grain and edible-oil crop production, all localities increased their summer grain and rapeseed acreage this year. Most of the crops look promising. To ensure a good job in summer grain and oil procurement and in controlling their marketing, the State Council issued the following circular:

1. It is necessary to publicize vigorously the policy regarding grain and oil procurement so that the broad masses of peasants and cadres can understand that a contract on grain producement, which is an economic contract as well as a task assigned by the state, should be fulfilled under normal harvest conditions; and that grain procurement by local purchasing agents, which is arranged by the state to increase peasants' income and satisfy their indispensable needs in view of a reduction in grain procurement by contract, should also be fulfilled. Under the premise that contract procurement and state planned procurement are fulfilled, efforts should be made to actively regulate the market and promote multichannel management.

2. It is necessary to conscientiously enforce the pricing policy. Contract grain procurement should be purchased according to the proportional price; price of grain purchased by local agents on behalf of the state should not be higher than the original price for above-the-quota producement; and negotiated grain procurement should be purchased at a floating price slightly lower than market price. Rapeseeds should be purchased without restriction according to the proportional price. During the buying process, price should be determined by quality. No higher authorities are allowed to demand a higher or lower price.

3. It is necessary to ensure good organizational work and services. All departments concerned should take concerted action to ensure smooth progress in summer grain and oil procurement. Procurement funds should be promptly allocated to counties. Peasants should be paid the full amount for the grain, without deduction of fees by agents. In multichannel management, no state, collective units, or individuals are allowed to drive up prices or engage in speculation in purchasing and marketing grain and oil. Grain departments at all levels should improve the service and do everything possible to make selling grain easier for the peasants.

4. It is necessary to take a firm grip on grain and oil marketing. While paying close attention to grain and oil delivery to ensure market supply, all localities should adopt effective measures to control their marketing.

GEZHOUBA LOCKS INCREASE FREIGHT ON CHANG JIANG

OW160618 Beijing XINHUA in English 0605 GMT 16 Jun 86

[Text] Yichang, June 16 (XINHUA) -- The two ship locks built five years ago at Gezhouba have allowed the volume of freight along the upper and middle reaches of the Yangtze River to more than double, according to local officals.

The ship locks are part of the Gezhouba Dam project, a large hydraulic project with a designed power generating capacity of 2.71 million kw. Officials in charge of the project said that the dam has raised the water level along the lower section of the Yangtze Gorges, thereby submerging shoals and rocks dangerous to navigation. Passengers and freight have grown at an annual rate of 24 and 20 percent, respectively, since this section was opened to navigation on June 15, 1981. Over the past five years, the locks accomodated 8.4 million passengers and 22.7 million tons of freight. A third ship lock is now under construction. When completed in 1988, the annual freight capacity will jump to 50 million tons. The Navigation Department at Gezhouba is also improving navigation channels, telecommunications, and control facilities.

'TIANFU' COLA LOOKS TO WORLD SOFT DRINK MARKET

OW190208 Beijing XINHUA in English 0045 GMT 19 Jun 86

[Text] Chongqing, June 19, (XINHUA) -- China has broken into the international soft drinks market in a big way with a health beverage which looks and tasks like western colas.

The magic export formula created by the Chongqing Beverage Company in Sichuan Province is called, appropriately, "Tianfu" or "Heavenly Gift".

Since the beginning of this year, four million cans of Tianfu Cola have been sold to the Southeast Asian countries and regions, company manager Li Peichuan told XINHUA. And its ingredients have now been exported to Japan and Canada for trial production.

In ancient times, Sichuan was known as "Tianfu" because of its mild climate and fertile soil. Tianfu Cola contains no spirit or caffeine, and is said to help strengthen the spleen and liver. It has been awarded eight gold medals by three government ministries since it was first produced in 1981. It was also declared the best-selling consumer commodity in Chongqing and Sichuan's most popular product last year. Li said they were reaping the rewards of introducing advanced technology and issuing production licences to partners around the country.

The drink is now produced at 76 factories spread across most of China.

The main production center in Chongqing imported two production lines for bottling and canning the cola last year, which boosted its annual production capacity to 350 million half-liter containers.

The Chongqing factory has provided funds, equipment, technology and materials for its partners, and has set strict quality regulations. Quality-control officials make regular market inspection trips.

Two factories were expelled from the production network for violating regulations. Sixty percent of the company's partners used to suffer financial losses before they joined the network. Now they are all making profits, said Li.

QIAN ZHENGYING ON MODERNIZING IRRIGATION

OW131901 Beijing XINHUA in Engish 1414 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- China will modernize many water-conservancy facilities over the next five years to boost farm production, a government minister said here earlier this week. Qian Zhengying, minister of water resources and electric power said work would begin next winter.

Spéaking at a national conference on water conservancy, she said that by 1990, the amount of irrigated land in China was likely to increase by 1,330,000 hectares from the present 48 million hectares. And a similar area of waterlogged land was expected to be drained.

Qian said that aging drainage and water-conservancy facilities and the drought in northern China posed major problems. Starting from next winter, she said, a massive program to repair and transform water-conservancy facilities will be carried out all over the country.

FANG YI AT FUJIAN DRAMA PREMIERE IN BEIJING

OW141046 Fuzhou FUJIAN RIBAO in Chinese 5 Jun 86 p 1

[Text] The stage play "The Three Sisters of the Soong Family," a Fujian provincial modern drama troupe production, premiered in Beijing on the evening of 3 June. Fang Yi, member of the Political Bureau; Peng Chong, vice chairman of the NPC Standing Ccommittee; Du Xingyuan, Zheng Siyuan, Lin Yixin, and other comrades watched the performance. Comrade Jia Qinglin was also present. After the performance, they went on stage for a group photo with the performers and crew to mark the occasion.

WAN LI, OTHERS CELEBRATE 'LITERATURE FOUNDATION'

OW131308 Beijing XINHUA in English 1357 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- The China Literature Foundation sponsored by the Chinese Writers' Association and widely supported by domestic and overseas celebrities, was established here today.

Vice-Premier Wan Li, who is the honorary president of the foundation, celebrated the birth of the foundation together with hundreds of well-known figures in literary and art circles.

Wan said, as the Chinese people are now better off, they need a richer and more colorful cultural life. He hoped Chinese writers and artists would make the best use of the current harmonious environment for literature and art and the communist party's "freedom to write" policy, to produce more good works for the people.

According to its constitution, the foundation aims at mobilizing financial aid for China's literature, promoting Sino-foreign literary exchanges and raising the cultural level of the Chinese people.

A congratulatory telephone message from Xi Zhongxun, a member of the Political Bureau of the Communist Party Central Committee, and a letter from Ba Jin, president of the foundation and chairman of the Chinese Writers' Association, were read out at the ceremony. British writer Han Suyin and American writer Hualing Nieh attended the ceremony. Hualing Nieh said she will donate all the royalties for her books published in China to the foundation.

Among the foundation's vice-presidents are Henry Ying Tung Fok, president of the Chinese General Chamber of Commerce of Hong Kong, and Ma Man Kei, president of the Chinese General Chamber of Commerce of Macao.

Leaders Greet Foundation

OW151515 Beijing XINHUA in English 1452 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- Ma Man-Kei, member of the Standing Committee of the National People's Congress and president of the Chinese General Chamber of Commerce of Macao, gave a banquet here tonight to celebrate the establishment of the China Litarature Foundation (CLF).

Party and state leaders Yang Shangkun, Yu Qiuli, Chen Pixian and Wang Zhen attended the banquet together with more than 40 writers. Ma is concurrently the foundation's vice president.

WAN LI AT CONCERT ON CULTURAL REVOLUTION

OW152115 Beijing Domestic Service in Mandarin 1100 GMT 12 Jun 86

[Text] Wan Li, Chen Pixian, and Wang Zhen attended a concert in Beijing tonight. The Shanghai Philharmonic Orchestra conducted by (Chen Jieyang) will play noted composer (Zhu Jianer's) newly composed Symphony No 1. This four-movement symphony implies an irony of the Cultural Revolution. Sponsored by the Art Bureau of the Ministry of Culture, the orchestra will make a total of eight performances for the audience in the capital.

WAN LI, YANG SHANGKUN RECEIVE GEOLOGY GROUP

OW141051 Beijing XINHUA Domestic Service in Chinese 1552 GMT 13 Jun 86

[By correspondent Lu Bin and Xu Dongdong]

[Excerpts] Xu Jianchao, Liu Yuqiang, Wang Jiawei, Sun Qiaoli, Yu Shaoguang, and Xhang Huixin today made reports on the rostrum in the Huairen Hall of Zhongnanhai to introduce their experience in dedicating themselves to geological undertakings.

To promote socialist spiritual civilization among the ranks of geological and mining departments, the Ministry of Geology and Mineral Resources organized a report group on the ideals of workers of geology and mining departments. The six comrades named above are members of this group.

This morning leading comrades including Wan Li, Yang Shangkun, Yang Dezhi, Qin Jiwei, and Song Renqiong received all the members of this report group. The group will begin touring the nation on 15 June to make reports for workers of geology and mining departments all over the country.

BO YIBO, HAN PEIXIN INSPECT JIANGSU AREAS

OW140005 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 9 Jun 86

[Text] Bo Yibo, vice chairman of the Standing Committee of the Advisory Commission of the CPC Central Committee, inspected some urban and rural areas in Jiangsu from 29 May to 9 Jun in the company of Han Peixin, secretary of the Jiangsu Provincial CPC Committee. During the discussions with the leaders of provincial and municipal organizations and some enterprises, he urged the cadres and the masses to adhere to reform, have the courage to break conventions, and contribute their experiences to the establishment and improvement of a new order.

While visiting Quanzhou Township in Wuxi County, Bo Yibo inspected the township-run woolen textile plant and a plant producing printing and dyeing equipment. He also had cordial conversations with the peasants. A township cadre told him: Workers of rural factories now constitute 75 percent of the township's labor force, and only during busy farming seasons will these workers take a few days leave from the factories to take part in rush harvesting and planting; and the township's 37,000 people's average annual per capita income has reached 883 yuan.

Bo Yibo said: It is significant that, after the 3d Plenary Session of the 11th CPC Central Committee, people in the township have displayed the spirit of reform and strived to achieve common prosperity by integrating agriculture and industry, subsidizing and promoting agricultural production with industrial production. Rural enterprises must surmount their difficulties by displaying the spirit of reform and adopting measures for reform.

During his visit in Wuxi City, Bo Yibo inspected the Wuxi Microelectronics Corporation, a company under the Ministry of Electronics Industry. Here he inspected the nation's largest production line producing integrated circuits for color television sets.

In Changzhou City, one of the cities designated for experimenting with comprehensive economic reform, Bo Yibo inspected a diesel engine plant, a corduroy plant, and a knitwear plant; and heard briefings by the Changzhou Municipal CPC Committee and the Changzhou municipal people's government. He expressed special interest in those plants whose directors are responsible for their plants' profits or losses. He said: To ensure successful implementation of this director-in-charge system, we should choose capable comrades who know economic work and management to be directors having the power to manage their plants' operation.

In Nanjing, which is one of China's electronics industrial bases, Bo Yibo inspected the Huadong Electronics Tubes Plant and the Nanjing Wireless Equipment Plant. He also heard a report about the new problems appearing in the process when the Ministry of Electronics Industry transferred seven mismanaged enterprises to Nanjing.

During his meeting with leaders of Jiangsu Province, Bo Yibo pointed out: Reform is a gigantic systematic engineering project involving the operation in many areas. Now that we have set the general course for reform, we should rely on ourselves to accumulate the needed experiences and explore the useful methods. As long as we do this, our reform certainly will be a success.

JINGJI RIBAO ON NEW WAY TO GOVERN ENTERPRISES

HK170951 Beijing JINGJI RIBAO in Chinese 4 Jun 86 p 1

[Commentator's article: "Make Efforts To Explore New Ways For Urban Governments To Administer Enterprises"]

[Text] Since the enterprises that were directly under the jurisdiction of the industrial and communications departments of the State Council and provincial governments were transferred to our major cities, the question of how our urban governments are to administer enterprises has become a question that every urban government must answer. The news about Dalian City giving different guidance to different kinds of enterprises published by this paper today shows that the key to this question is to change the government's functions in accordance with the requirements of separating government functions from the functions of enterprises. If our urban governments do not take the initiative to change their functions and if they continue to administer enterprises with their old ways and methods of administration, it will be impossible to fully bring about the positive effect of the policy on transferring the enterprises to cities or to actually expand the enterprises' decisionmaking power. Then it will be very difficult for the entire reform to deepen.

In changing the functions of urban government, we have to solve the following three problems related to our understanding: 1) There is the idea that urban government departments differ from provincial ones in that they have no responsibility to transfer their enterprises downward; therefore, they have to continue to manage the production and operation activities of their enterprises because it is difficult to "separate government functions from the functions of enterprises." 2) There is the idea that an administrative department of an urban government can only be a department with "dual functions." It is both a responsible department for the enterprises and a functional department that manages the whole line of trade. 3) There is the idea that at present an enterprise needs a "mother-in-law" while a comprehensive administrative department needs "funnels;" therefore, there is no way to change their functions. All these ideas have to some extent been generally accepted. This proves that if we do not change people's ideas about government functions, it is impossible to correctly exercise these functions.

Dalian City's experience shows that although a city has not responsibility to transfer enterprises downward, it has the responsibility to "emancipate" enterprises. In other words, it should emancipate enterprises by freeing them from their status as appendages to government departments. If this problem is not solved, it will be impossible to invigorate our enterprises and it will also be difficult to improve our government's economic administrative work. There is indeed something special in the relations between our urban governments and their enterprises. But this does not mean that there is no need to separate their functions from the functions of enterprises. It means that the changes in the governments' functions have something special in that they are much more difficult than separating government functions from the functions of enterprises.

Learning the skill to administer entire lines of trade is a new task for our urban governments in administering their enterprises. Many years of practice has proved that it is difficult for urban governments to satisfactorily carry out its administration if they are assigned with both the task of directly administering and managing some of their enterprises as well as managing in a centralized manner whole lines of trade.

The "dual functions" make it hard for a government department to be free from the bad practice of treating its enterprises differently. Consciously and unconsciously, it shows favoritism to the enterprises directly under its management. As a result, for a long time, it has not been able to establish its management over the whole line of trade. Even if it has established such management, it is difficult for the management to be carried out satisfactorily.

As our various reform measures are not coordinated, we are indeed still unable to entirely separate government functions from the functions of enterprises. Our urban governments and their functional departments sometimes have to directly participate in the administration and management of their enterprises. This is a special process in the process of the change of systems, but this is not the major function of these governments and nor should our governments continue to do so for a long time. They should conscientiously create conditions in order to realize the changes in functions as soon as possible. The changes in urban governments' functions consist of changes in the contents, methods and scope of administration, which make the management considerably different from the previous administration: the urban governments no longer directly manage the production and operational activities of enterprises, but carry out a line-of-trade management over all the enterprises in various lines of trade. They no longer mainly apply administrative means in interfering with the microeconomic activities of the enterprises, but mainly apply policies, plans, and legislation and economic means in exercising macroeconomic control and readjustment over the activities of the whole economy. In order to realize these changes, all cities should strive to explore new paths for governments to administer enterprises. They should gradually reduce their old functions through streamlining their administration and transfering power downward and they should gradually augment their new functions through their work of line-of-trade management. They should adopt transitional forms of organization to satisfactorily carry out the transition from old to new functions. They should give different guidance to different kinds of enterprises and thus provide them with good service. The task of first priority now is to continue to implement the state's various regulations on streamlining adminstration, transferring power downward, and expanding the decision-making power of enterprises. Implementing these regulations in a down-to-the-earth manner and transferring to enterprises all the power that should be granted to them means taking a key step forward in separating government functions from the functions of enterprises. Second, we should start from the formulation of development plans, policies, legislation and regulations, from coordination and cooperation between enterprises, and from data and information to gradually carry out unified administration over whole lines of trade. Third, government departments should conscientiously administer the matters that are to be administered by governments, "consider what enterprises are worrying about," and try every possible means to help enterprises solve problems and develop production.

JINGJI RIBAO ON SCIENCE, TECHNOLOGY EXCHANGES

HK180743 Beijing JINGJI RIBAO in Chinese 9 Jun 86 p 2

[Article by the International Scientific and Technological Cooperation Bureau of the State Science and Technology Commission: "China Continues to Strengthen Scientific and Technological Exchanges and Cooperation With Other Countries"]

[Text] Under the guidance of the party's policy of opening up to the outside world, China achieved gratifying results in foreign scientific and technological exchanges and cooperation during the Sixth 5-Year Plan period.

First, the scale of the foreign scientific and technological exchanges and cooperation was large, with the participation of many people. China conducted more than 22,000 items of scientific exchange with other countries from 1981 to 1985, an increase of 260 percent over the period from 1976 to 1980. More than 70,000 people participated in the scientific exchanges, an increase of 200 percent over the period from 1976 to 1980. New development has been made in the methods of exchange, from conducting general technological inspection and holding technological meetings to jointly conducting research and inspection, carrying out cooperative experiments, providing technological consultation, running training classes, and holding academic symposiums.

Second, the bilateral scientific and technological cooperation between governments has developed greatly. Since the founding of the PRC, China has signed agreements on bilateral scientific and technological cooperation with the governments of more than 30 countries, including East European countries; Asian, African, and Latin American countries, such as the DPRK, Pakistan, Mexico, Argentina, and Zambia; and developed Western capitalist countries, such as France, Britain, the FRG, the United States, and Japan. During the period from 1981 to 1985, in addition to continuously developing scientific and technological exchanges and cooperation with these countries, China signed government-to-government agreements with 16 countries on scientific and technological exchanges. By the end of 1985, China still had relations of agreement with 48 countries. China engaged in more than 3,000 cooperation items with other countries over the past 5 years, involving technology of industrial and agricultural production, new technology, and basic theoretical science. Both sides believe that they have benefited greatly from the exchanges and cooperation.

Third, multilateral scientific and technological exchanges and cooperation have been developed and strengthened. During the Sixth 5-Year Plan period, China also greatly developed multilateral scientific and technological exchanges and cooperation with international scientific and technological organizations, mainly UN organizations. In addition to attending such important international conferences as the conference of the UN Scientific and Technological Development Committee, the UN conference on new energy and renewable energy, and the UN conference on the exploration and peaceful use of outer space, China sent representatives to the relevant scientific and technological meetings held by UN special organizations. Moreover, all departments and localities in China sent a great number of scientific and technological personnel to attend other international scientific and technological symposiums held by government and nongovernment international scientific and technological organizations. During the period from 1981 to 1985, more than 13,000 scientific and technological personnel from China attended international scientific and technological symposiums on 5,400 items, both figures showing an increase over those of 5 years ago.

Fourth, through the exchanges and cooperation, China has learned and understood many advanced scientific and technological achievements and much suitable management experience, which has played an active role in training talented people for China, in upgrading China's scientific and technological level, and in promoting scientific and technological development and economic construction in China. For example, in 1985, the China science and technology exchange center invited more than 50 retired foreign specialists of various professions to give technological guidance and exchange technology in China. These retired foreign specialists played their role in promoting technological transformation in China's old enterprises, in conducting trial production of new products, and in improving business management.

They were commended by the departments concerned. Of course, our exchanges were based on equality and mutual benefit. China also introduced its own traditional technology, scientific and technological achievements, and production experience to the relevant countries. For example, China's advanced agricultural science and technology in breeding grain and cash crops, its advanced technology in dusting coal powder in blast furnaces and in apex-combusting style hot-blast stoves, and its traditional technology, such as traditional Chinese medical science, traditional Chinese medicine, and acupuncture anaesthesia have all been well received by other countries.

The period from 1986 to 1990 is the period of China's Seventh 5-Year Plan, during which time China's reform and open policy will develop further. During the Seventh 5-Year Plan period, in developing foreign scientific and technological exchanges and cooperation, China will continue to implement the policy of reform and opening up to the outside world and strive to make new progress and achievements in the spirit of seeking truth from facts and in accordance with needs and possibilities. Therefore, we must further strengthen management in foreign scientific exchanges and cooperation; formulate and revise necessary regulations and rules beneficial to further opening up to the outside world; set up and perfect statistical systems and methods; grasp the implementation and application of the achievements made in foreign scientific and technological exchanges and cooperation; overcome bureaucratism; and pay more attention to practical results.

We will continue to strengthen bilateral scientific and technological exchanges and cooperation with other countries, and encourage all departments and areas to establish relations of exchange and cooperation with corresponding departments and units in foreign countries.

For a relatively long period in the future, technological transformation and advancement of traditional industries will play an important role in China's economic development. In addition to technological transformation in large and key enterprises, a great number of medium-sized and small enterprises and township enterprises will gradually take the road of professionalism and modernization. To reflect this characteristic and foreign scientific and technological cooperation, we must treat absorbing and exploiting advanced and applicable technology suited to China's characteristics as an important part of scientific and technological cooperation. Meanwhile, in order to gradually change the backward status of China's industrial and technological structure and to keep pace with the new technological revolution, we must strengthen foreign scientific and technological cooperation in the field of new technology.

We will continue to strengthen multilateral scientific and technological exchanges and cooperation and strive to hold as many international scientific and technological conferences as possible in China so that more scientific and technological personnel in China can take part in international scientific and technological activities. Continued efforts should be made to improve conditions for carrying out international scientific and technological exchanges in China. We must make more efforts to build the China science and technology exchange center building, the Beijing science and technology center building, and science and technology exchange centers in all localities, so as to create necessary material conditions and provide places for China to further expand scientific and technological exchanges with all countries throughout the world.

CHEN PIXIAN INSPECTS SHANGHAI STEEL COMPLEX

OW040751 Shanghai City Service in Mandarin 0000 GMT 4 Jun 86

[Text] Chen Pixian, member of the Secretariat of the CPC Central Committee and vice chairman of the NPC Standing Committee, inspected the Shanghai Boashan Steel Complex on 2 June. He said: Workers at the Baoshan Steel Complex must master modern technologies and refrain from solely learning how to operate machinery. They must also study how to fix production equipment.

Accompanied by Zeng Qinghong, Standing Committee member of the municipal CPC Committee, Comrade Chen Pixian inspected the Shanghai Baoshan Steel Complex. (Gu Erpei), deputy head of the Boashan Steel Complex command headquarters and Secretary of the steel complex party committee, and (Wang Jingfa), deputy head of the Baoshan Steel Complex command headquarters accompanied Chen Pixian to inspect the ironworks, the steel mill, and the steel rolling mill of the Baoshan Steel Complex.

During the inspection tour, Comrade Chen Pixian noted the lack of trees in certain parts of the steel complex. He said: It is necessary to spend more money in planting trees and beautifying the environment.

Comrade Chen Pixian also held a forum in the steel complex to understand the iron and steel industries in Shanghai and the work in the Baoshan and Wusong Districts.

Tours Factories. Rural Areas

OW091352 Shanghai City Service in Mandarin 0000 GMT 9 Jun 86

[Text] During his recent inspection tour of Shanghai's factories and rural areas, Chen Pixian, member of the CPC Central Committee Secretariat and vice chairman of the NPC Standing Committee, encouraged cadres at the grass-roots level to work unremittingly, achieve new results, and apply themselves to remaking Shanghai.

On 2 June Comrade Chen Pixian visited the Baoshan Iron and Steel Complex, and inspected the ironworks, the steelworks, and the blooming mill. He expressed satisfaction over the achievements made in the first-stage project of the Baoshan Iron and Steel Complex.

On 5 June Chen Pixian went to Songjiang County to learn how the rural areas have implemented various policies since the 3d Plenary Session of the 11th CPC Central Committee. Chen Pixian said: Changes in rural areas have been brought about by overcoming the leftist ideology. We still should not lower our guard against its influence. This is the case with rural areas and is more so with the cities. Do not forget the goal proposed by the party Central Committee of becoming well-to-do with a percapita income of $800; the basic approaches to attaining this goal are paying close attention to grain production and seeking simultaneous developments in agriculture, sideline production, and industry. Comrade Chen Pixian also called at peasants' livelihood.

COMMENTARY STRESSES DEVELOPMENT OF SHENZHEN ECONOMY

HK181526 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 16 Jun 86 p 2

["Special Commentary" by Liang Wensen: "Consolidate and Develop the Economy of the Shenzhen Special Economic Zone"]

[Text] After almost 6 years of hard work, the Shenzhen Special Economic Zone has begun to create an environment for investment. Over the past 6 years, foreign capital totaling $923 million has been introduced, accounting for one-fifth of the country's total; over one-third of the imported technology and equipment is advanced; investments in fixed assets total 6.47 billion yuan; and 9 million square meters of floor space has been completed. In 1985, the workers' percapita production in industry was 29,000 yuan, an increase of 13.6 percent over the previous year. Following the rapid development of its eeconomy, great changes have taken place in the industrial structure of the special economic zone. In 1985, the net output values of building industry, industry, and commerce accounted for 30 percent, 28.8 percent, and 25.6 percent of the city's national revenue, respectively, thus becoming the three mainstays of its social assets. With an upswing in industrial production, industry is beginning to carry forward other undertakings. This development trend will become more prominent in the future.

The special economic zone is now developing an outward-oriented economy. In this new period, the special economic zone will gradually realize its limited, outward-oriented target, aiming to make foreign capital the main source of its funds and to export most of its products, to increase foreign exchange earnings for the state. It will also make industry the main component of its production structure while developing some high technology industry and traditional industry which has been transformed or equipped with advanced technology. The tasks in this new period are more difficult than those in the period of pioneering and laying foundations. For this reason, it is necessary to do a good job in giving macroeconomic guidance and carrying out microeconomic invigoration.

1. The purpose of providing macroeconomic guidance is to enable the special economic zone to attain better economic results in its economic development.

Previously, the special economic zone developed its economy by expanding production by extension. From now on, it should gradually shift to expanding production by intension, with emphasis on economic results. For this reason, the special economic zone should conscientiously control the scale of investment and readjust the structure of investment.

First, it should appropriately control the scale and growth rate of investment in fixed assets in order to achieve the best economic results.

Apart from being restricted by the domestic economy, the scale and growth rate of investment are also affected by some factors in the international economy. In handling the scale and growth rate of investment in fixed assets, overall consideration should be given to the relationships between an entity and its components, between long-term and immediate interests, and between domestic and foreign factors, for the purpose of attaining the best macroeconomic results.

To put the scale and growth rate of investment within a rational limit, it is imperative to take account of the factors both inside and outside investment plans.

State investments, which include investments by departments of the central authorities and various provinces, should be listed in plans for investment in fixed assets and regarded as factors in investment plans. Investments by enterprises of the central authorities, provinces, the special economic zone, as well as foreign businessmen should not be listed in investment plans, since they cannot be controlled. However, these uncontrollable factors should be handled in such a manner so that they are in harmony with the funds for investment in the fixed assets of the special economic zone. All investment, whether inside or outside the plan, should be carried out on a scale and at a growth rate beneficial to the transition toward an outward-oriented economy, with the aim of speeding up production and attaining good economic results.

The special economic zone has close economic relations with foreign countries. It can import some building materials from the international market and has opened a market for the building industry, in which some 100 construction and engineering companies (with over 100,000 construction workers) have put in tenders for construction projects. All this has provided favorable conditions for investments in the special economic zone. These special factors should be taken into account while making investments in the special economic zone.

Second, in investing in fixed assets, stress should be put on the construction of industry, energy, transportation, and telecommunications.

The rationalization of the investment structure can produce a great impact on the development of production and the improvement of economic results. Since construction started, the special economic zone has paid attention to developing production and improving people's livelihood. To promote the transition to an outward-oriented economy, it is necessary to rationalize the industrial structure of the special economic zone through the rationalization of its investment structure. Therefore, the special economic zone should continue to pay attention to encouraging investors to concentrate on industrial production.

The proportion of the special economic zone's industrial investment to the total foreign investment in the zone rose rapidly from 23.3 percent in 1979 to 57.9 percent in 1985. From now on, in industrial investment, the stress should be laid on industries which can help increase foreign exchange earnings and on industrial projects urgently needed by the country. For its immediate interests, the special economic zone should take the electronics industry, light industry (which includes mainly food, textiles, clothing, and packing material industries), and the building material industry (which includes new-type building material industry and decoration material industry) as the mainstays of its industrial development. As for the electronics industry, which has excessively expanded and accounts for over 37 percent of the total net industrial output value, consideration should be given to developing advanced technology for the purpose of manufacturing advanced electronics parts and components as well as electronics products which can help increase foreign exchange earnings. With technologically advanced industry, including traditional industry which has been transformed with advanced technology, and with total development in energy, transportation, and telecommunications, the industrial and technological structures of the entire special economic zone will be placed on a rational foundation, thereby creating a favorable condition for an overall upswing in industry and even in its entire economy.

2. In terms of the microeconomy, enterprises in the special economic zone should strive to produce more with less investment and constantly improve their management.

As the special economic zone is in the economic process of regulation by market mechanisms, it still lacks experience in how to apply regulation by market mechanisms without departing from macroeconomic guidance in its enterprise management and in how to produce more with less investment. In this respect, the special economic zone is required to explore.

Although in its economic structural reform the special economic zone started expanding enterprises' powers a long time ago and this has greatly improved enterprise management, other reforms still lag behind. For example, since the delegation of powers to the lower levels, no effective comprehensive measures have been worked out with regard to shifting from direct to indirect intervention. Various economic laws and regulations, including laws on companies, laws on bankruptcy, and mortage laws, have not been formulated or promulgated or are imperfect. As a result, law breakers can avail themselves of these loopholes, and it is difficult to carry out indirect intervention. In addition, the quality of enterprise managerial cadres is not good but the special economic zone is busy expanding contruction and setting up factories. Therefore, management work is lagging behind and economic results are not ideal. To produce better economic results with less investment, it is essential to strengthen the management of enterprises, to improve their operation, and to enhance their labor productivity. With the expansion of enterprises' powers, we shoulden courage enterprises to carry out profound reforms, including reforms in the management of personnel, property, materials, production, supply, and marketing, apart from providing external conditions for their invigoration.

Meanwhile, we should have a good understanding of the management and operation of enterprises so that we can give guidance according the particular situation, such as: 1) enterprises with advanced management should be encouraged to learn from their experiences; 2) enterprises with an ordinary managerial level, which make up the majority, are required to improve their management or readjust their leadership groups; and 3) loss-incurring enterprises with no prospects for further development should be ordered to shift to other undertakings or to closedown.

Apart from state-run and collective enterprises, there are also enterprises involving foreign investments in the special economic zone (including joint ventures, cooperatively-run enterprises, and wholly-owned enterprises). As their situations are complex, it requires profound investigation and study to sort them out. The special economic zone should publicize advanced managerial and operational experiences on the one hand and, on the other, get rid of anything harmful to state interests or which causes long-term losses. Only in this way can its economy grow healthily.

GUANGDONG: SHANTOU SEZ POSTS LARGE OUTPUT INCREASE

OW170316 Beijing XINHUA in English 0159 GMT 17 Jun 86

[Text] Guangzhou, June 17 (XINHUA) -- Shantou Special Economic Zone [SEZ] produced 25 million yuan worth of goods in the first four months of this year -- 142 percent more than in the same period last year. Shantou, in Guangdong Province, was declared one of China's four special economic zones four years ago. A development official said that up to the end of April, Shantou had recovered half of its capital construction investment of 198 million yuan.

Of 275 proposed business ventures to be run by Guangdong Province or jointly by Guangdong and other parts of the country or foreign firms, 52 industrial and 23 farm and aquatic-produce ventures have gone into production. They are selling 60 percent of their products abroad.

GUANGZHOU TO COMBINE MILITARY, CIVILIAN TRAINING

HK190500 Guangzhou NANFANG RIBAO in Chinese 18 Jun 86 p 1

[Report by He Jinsheng: "The Guangzhou Military Region Will Carry Out Training Which Combines Military and Civilian Skills in One Scheme"]

[Text] Training which combines military and civilian skills -- a major decision of strategic importance -- will be carried out in the Guangzhou Military Region beginning the fourth quarter of this year. At a cadres meeting yesterday morning, commander You Taizhong announced this decision, which had been made by the CPC Committee of the Guangzhou Military Region.

The CPC Committee of the Guangzhou Military Region made the decision in line with the instructions of the Military Commission and the General Staff Headquarters. At the meeting yesterday, Zhang Mingyuan, director of the political department of the military region, briefed some 1,300 cadres of the staff, political, and logistics departments of the military region on how the Nanjing Military Region conducted training which combines military and civilian skills. Commander You Taizhong spoke on this issue and set detailed requirements for the Army units under the command of the Guangzhou Military Region.

In recent years, at least 50,000 soldiers of the Guangzhou Military Region have taken part in such training every year, and two-thirds of the participants have acquired certificates of specialized skills and technical grading. To carry out such training more profoundly, the CPC Committee of the Guangzhou Military Region decided to popularize the experience ofa division of the Nanjing Military Region and to put the training on civilian skills on the right track.

Also present at the meeting were leaders of the military region and its organs, including Zhang Zhongxian, Zhang Wannian, Liu Anyuan, Li Xilin, and Chi Yunxiu.

OVERSEAS INVESTORS MAKING PROFITS IN GUANGZHOU

OW171152 Beijing XINHUA in English 1129 GMT 17 Jun 86

[Text] Guangzhou, June 17 (XINHUA) -- Overseas investors have good prospects of making profits in Guangzhou, capital of Guangdong Province, Mayor Zhu Senlin said today. A recent survey of 139 joint ventures between the province and foreign businesses shows that 89 percent of them are profitable.

The China Hotel, which opened in June, 1984, has earned a profit of 96 million yuan. The output value of the Jingying Light Decoration Company was nearly four million yuan, with a profit of more than one million yuan last year; and the Hong Kong investor of the Renren Restaurant has recovered his one-million-yuan investment, with interest, two years ahead of schedule.

"It is understandable that some enterprises run a deficit for the first few months or even for one or two years. But they can change the situation to make surpluses after improving their management," the mayor said.

By the end of February this year, 471 Guangzhou-foreign joint ventures had been given the go-ahead. They cover the fields of industry, agriculture, construction, transport, commerce and tourism. Guangzhou signed contracts for 42 ventures with overseas investors in the first three months of this year, involving 160 million U.S. dollars of foreign investment. The investors were from Asia, Europe and America. In 1985, 289 joint-venture contracts, involving 470 million U.S. dollars of foreign investment, were signed.

GUANGXI RALLY CONFERS AWARDS FOR VIETNAM BORDER SERVICE

HK181154 Nanning Guangxi Regional Service in Mandarin 1000 GMT 17 Jun 86

[Excerpts] The rally of the regional people's government and Guangxi Military District to commend the people for winning victories in the war of counterattacking against Vietnam concluded in Nanning this afternoon.

The closing ceremony commenced amid a majestic PLA march. At the ceremony, Guangxi Military District Commander Li Xinliang first read the order of the Guangzhou Military Region on conferring honorable titles on four units, including the seventh company of a Guangxi border-defense PLA unit and Napo County special militia detachment, and on three comrades, including Martyr (Yi Zhongdong); and on awarding Citations for Merit to three units, including a reconnaissance team of a Guangxi border-defense PLA unit.

After that, regional people's government Vice Chairman Zhang Chunyuan read the decision of the regional people's government and Guangxi Military District on awarding Citations for Merit to five units, including the Nadang township militia detachmente of Fangcheng Multinational Autonomous County, and to seven comrades, including (Li Chiguang).

Guangxi Military District Deputy Comander Li Licheng read the order of the Guangaxi Military District on awarding Citations for Merit to and commending 13 units, including the Second Platoon of the Seventh Company of a Guangaxi border-defense PLA unit, and 72 individuals, including (Zhang Siguang) and (Zhou Yinggao).

Amid warm applause, officials of the regional party, government and army, attending the closing ceremony, including Chen Huiguang, Li Xinliang, Xiao Xuchu, and Zhang Chunyuan: and Chen Chao, responsible comrade of a department concerned of the PLA General Staff Department, presented banners, citations, medals, and certificates for meritorious service respectively to the units and individuals who obtained the honorable titles and rendered meritorious military service.

Regional CPC Committee Secretary Chen Huiguang spoke at the closing ceremony. He demanded: Party organizations, people's governments, and leading cadres at all levels throughout the region must continuously grasp the border-defense struggle as an important strategic task, strengthen militia organizations and ideological work, speed up economic construction in the border areas, and do a good job in construction and defense by the army and people together, and build the longd border-defense line into an unbreakable iron wall. Guangxi Military District Political Commisar Xiao Qichu delivered the closing speech.

HUBEI: WUHAN SEEKS FOREIGN BRAINPOWER FOR MODERNIZATION

HK180301 Beijing CHINA DAILY in English 18 Jun 86 p 2

[By staff reporter Zhu Ling]

[Text] Wuhan, the largest industrial city in central China, is at the forefront of a nationwide campaign to recruit overseas brainpower to accelerate industrial modernization. A plan is being drafted by the city to increase "intelligence imports" over the five years to an average of about 80 foreign technical specialists a year. Beginning in 1983, the city began tapping the ranks of outside experts. Liu Zeqing, the city's vice-mayor, said at least a third of factories utilizing foreign specialists have shown "remarkable economic and social results."

Wuhan, capital of Hubei Province, now boasts China's only foreign director of a state-owned factory. Werner Gerich, an engineer from Federal Germany, was appointed directed of the city's diesel engine factory in late 1984. Liu told CHINA DAILY that the city this year will appoint the country's second foreign director, also from Federal Germany, to head one of Wuhan's grinding machine plants.

The city's overseas recruiting is in response to the recent call by Party General Secretary Hu Yaobang, who described "brainpower imports" as a policy of national strategic importance. A special recruitment committee, personally led by the city's mayor, says the practice is becoming an indispensable part of the city's modernization drive.

The move to import foreign specialists started gaining momentum last year when the city invited 55 foreign experts, from a number of countries, to work in Wuhan. Wuhan has thus far invited about 90 specialists from such countries as Federal Germany, the United States, Canada, Japan, Britain and France. Most of them have served as technical advisors for city industries, staying between one and 18 months.

"We are ready to hire more foreign specialists or retired engineers, with an eye towards updating our management methods and improving product quality," said Liu. He said imported brainpower had proven valuable in improving factory management, developiung new products and training local technical personnel.

A fiberglass plant, for example, was salvaged from bankruptcy in 1985 when a retired engineer from Canada was brought over as a technical advisor. His enthusiasm and technical guidance helped the plant upgrade and expand production of fibreglass bathtubs, which today are considered among China's finest. The Canadian advisor also helped the plant expand its product line to complete sets of bathroom fixtures.

The vice-mayor said foreign advisors hammer home the themes of quality, competiton and efficiency, "exerting a perceptible influence on workers' thinking." Foreign specialists have also helped train Chinese technicians. In Wuhan, they have given lectures for at least 300 local technical personnel.

Liu said this autumn Wuhan will invite a group of retired businessmen from Japan and Federal Germany to lecture on the use of financial, tax and auditing mechanisms as economic levers.

BEIJING SECRETARY ATTENDS MILITIA TRANSFER WORK CEREMONY

SK140708 Beijing City Service in Mandarin 0900 GMT 3 Jun 86

[Excerpts] The municipality has satisfactorily accomplished the work of transferring district and county People's Armed Forces departments to the local organizational system. A ceremony marking the accomplishment of this transfer work was held this morning. On behalf of the People's Armed Forces departments and the local authorities Feng Mingwei, vice mayor of the municipal people's government; and He Shangchun, deputy commander of the Beijing Garrison, signed the agreement on the transfer work. Attending the ceremony were responsible comrades of the People's Armed Forces departments and the local authorities, including Li Ximing, Jin Jian, Yan Tongmao, and Li Jinmin.

On behalf of the municipal CPC Committee and the municipal government, Li Ximing, secretary of the municipal CPC Committee, warmly welcomed the comrades of the district and county People's Armed Forces departments to become new residents of the capital and urged them that they should continue maintaining and carrying forward the fine traditions and workstyle of the People's Armed Forces after being transferred to the local organizational system.

Li Jinmin, political commissar of the Beijing Garrison, urged that the district and county People's Armed Forces departments should work with new enthusiasm under the leadership of the local CPC committees and governments, closely coordinate their activities with the central tasks of Beijing Municipality, and mobilize and lead militiamen to make contributions to accelerating the two civilizations of the capital.

BEIJING REPORTS PEASANTS' RISING CONSUMPTION LEVELS

SK131100 Beijing BEIJING RIBAO in Chinese 3 Jun 86 p 1

[Text] People's impressions are that peasants are big eaters. This is caused by long-standing poverty in the rural areas. How can they reduce grain consumption under a situation in which they have to eat much coarse grain and few greasy dishes and undertake strenuous manual labor? Today such a situation has been changed. According to an investigation among 1,100 peasant families in the suburban areas of Beijing conducted by he municipal Statistical Bureau, last year the average per capita grain consumption (unprocessed food grains) of peasants reached 427.4 jin, a decline of 31.4 jin over the previous year.

The municipal Statistical Bureau's investigation report shows that last year's average per capita living expenses of peasants in the suburban areas of Beijing was 510 yuan, an increase of 75 yuan over the previous year. New changes took place in the living expenses:

In the living expenses of peasants, spending on material goods showed an increase of 16.5 percent over the previous year and that on nonmaterial goods (such as for books, tapes, and musical instruments) increased by 62.2 percent, greatly exceeding the growth rate of spending on material goods.

The structure of living expenses has changed. The proportion of food spending dropped from 51.1 percent in the previous year to 41.1 percent, and that of spending on clothing dropped from 11 percent to 10.6 percent. The proportion of spending on daily necessities rose from 17.5 percent to 19.2 percent, and that on buying building materials for building houses rose from 15.6 percent to 17.3 percent.

The number of middle- and high-grade household appliances in use increased remarkably. The average per capita expenditure of peasants families to buy household appliances reached 61 yuan, up 26.8 percent over the previous year. As of the end of last year year, every 100 peasant households had 60 television sets (including seven color television sets), 21 cassette recorders, 23 washing machines, 2 refrigerators, and 2 cameras.

Thanks to the development of the rural commodity economy, the cash income of peasants has increased and their purchasing power has expanded. In living expenses, the proportion of products for self-consumption dropped gradually and that of products sold as commodities increased. Last year the proportion of average per capita cash spending on consumer goods of the peasants reached 86 percent, up 14 percent over the previous year. The proportion ot goods for self-consumption dropped from 18 percent to 14 percent.

NEI MONGGOL: CEREMONY MARKS ARMED FORCES TRANSFER

SK091148 Hohhot Nei Monggol Regional Service in Mandarin 2200 GMT 8 Jun 86

[Text] On the afternoon of 7 June, the regional CPC Committee, the regional government, and the Nei Monggol Military District ceremoniously held a ceremony to mark the handing over of banner and county People's Armed Forces departments to the local authorities. Bu He, deputy secretary of the regional CPC Committee and chairman of the regional government, and Cai Ying, commander of the Nei Monggol Military District, signed the document amid an atmosphere of enthusiasm and unity.

Transferring the banner and county People's Armed Forces departments to the local authorities is an important task in reforming Army structure and streamlining the Army. In the period following the Spring Festival, we have successfully prefulfilled the task of transferring 102 People's Armed Forces departments across the region to the local organizational system.

Fang Chenghai, deputy commander of the Nei Monggol Military District, gave an account of the region's situation in handing over the banner and county People's Armed Forces departments to the local authorities at the ceremony. Bu He and Cai Ying gave speeches.

Attending the ceremony were responsible comrades of the regional party, government, and Army organs, including Batubagen, Ma Zhenduo, Liu Zuohui, Liu Yiyuan, Zhang Fenglin, (Ha Shi), (Sun Shizhao), and Quo Fei.

SHANXI RADIO COMMENTARY URGES UNIFYING PARTY THINKING

HK190249 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 18 Jun 86

[Station comentary: "Different Ideas in the Party Should Be Brought Into Line With the Objective Truth"]

[Excerpts] One of the current contradictions frequently seen in the party consists of contradictions between different opinions in work and understanding. If these contradictions are solved well, our opinions will be unified and our action unanimous, and our party organizations and leadership collectives will have prestige and fighting strength. Otherwise, we cannot form collectives united for combat.

These contradictions between different opinions in work and in understanding in the party may be caused by disputes between correct and erroneous views and also by disputes between two different erroneous views. Contradictions between different ideas regularly occur in revolution and contruction, and are quite normal. The problem is, how should we take a correct view of these contradictions and resolve them? According to our party's historical experiences, and in particular our party's experiences in handling such contradictions sice the 3d Plenary Session of the 11th CPC Central Committee, there is only one way to resolve these contradictions, and that is to uphold the ideological line of seeking truth from facts constantly advocated by our part,and bring out ideological understanding into line with the objective truth.

We must base everything on reality and make a specific analysis of specific contradictions. For instance, there is a saying that every new leadership group negates the achievements of the former group. How should we deal with this problem? Generally speaking, every leadership group has both achievements and shortcomings, and the achievements are often the main aspect. Both the newly appointed comrades and the retiring old comrades must proceed from objective reality and make a truth-seeking and specific analysis of the work of the former leadership group by dividing one into two. In this way the new and old can cooperate and be united, and our work can be done still better.

We should sincerely listen to the views of others, pool the wisdom of the masses, and form correct understanding and unified thinking. However, certain comrades do not understand this truth. They often stick to their own view, ignore the views of others, and stress their own strong points and others' shortcomings. In this way it is not easy to solve contradictions in work and understanding, and sometimes results in unprinccipled argument within a leadership groups which is thus uanble to unify its thinking or make a resolution.

We are Marxists. In viewing problems, we should lay more stress on materialism and dialectics and less on idealism and metaphysics. In this way we may be able to avoid subjectivism, one-sidedness, superficiality, and absolutism. We should still less make a fuss about our own righteousness. Only practice can test whether a person's views are correct or not.

CHIANG WEGO APPOINTED NATIONAL SECURITY COUNCIL HEAD

HK190313 Hong Kong SOUTH CHINA MORNING POST in English 19 Jun 86 p 1

[By Terry Cheng]

[Text] The younger brother of Taiwanese President Chiang Ching-kuo, General Chiang Wego, was yesterday named head of Taiwan's National Security Council (NSC) in a surprise reshuffle of top government and military personnel. In one stroke, the appointment is likely to change the whole succession scenario in Taiwan.

General Chiang replaces Mr Wang Tao-yuan, who was appointed defence minister in a series of moves recommended by President Chiang at a weekly meeting of the Kuomintang's policy-making Central Standing Committee.

The career of General Chiang, 69, has centered on military affairs and he was previously director of the Defence Ministry's United Warfare Training Department. His pormotion to secretary-general of the NSC, which is the president's top advisory body, is the first time he has taken up non-military duties. There was earlier speculation that he was to retire and was not destined to play a significant role in the regime. He had been considered a possible successor to his brother until President Chiang scotched rumours late last year by saying that no one from the Chiang family would become head of state after him.

Given the fact that President Chiang is less energetic than before because of old age and poor health, General Chiang is likely to play a greater role in the NSC than his predecessor, Mr Wang. Some observers, noting his close ties with the Army, believe he may function as a stabilizing force if his brother cannot perform his presidential duties because of serious illness.

General Chiang was in disgrace in 1964 after one of his subordinates staged an abortive mutiny against his father, Generalissimo Chiang Kai-shek. Since then he has held only minor Army appointments, even after his brother came to power in 1978.

The appointments also effectively block General Hau Pei-tsun, chief of the Armed Forces General Staff, from taking up the defence portfolio. Although he has been considered a potential president, this now seems much less likely. General Hau was once believed to be second only to President Chiang in real power.

COMMUNICATIONS MINISTRY WARNED ON MISMANGEMENT OF CAL

OW180435 Taipei CNA in English 0232 GMT 18 Jun 86

[Text] Taipei, June 17 (CNA) -- The nation's highest inspectorate general has decided in principle to issue a warning to the Ministry of Communications and the Civil Aeronautics Administration, accusing them of insufficient supervision of China Airlines which resulted in a series of accidents involving the aircraft of the national flag carrier.

Two Control Yuan members, Yu Ching and Hsu Wen-cheng, who were assigned to look into CAL's management, said in an investigative report that CAL's financial structure is obviously too weak to support its huge operations.

At present, CAL has outstanding debts totaling NT dollar 49.1 billion (about U.S. dollar 1.28 billion), about 5.81 percent of its total debts, they said.

The report was brought up at a meeting of the Control Yuan's committee on communications. Participants in the meeting decided in principle to issue a correction order, or warning, to the two government organizations. They will meet again soon to determine the wording of the connection.

The Ministry of Communications of the Civil Aeronautics Administration, as direct suprevisors of CAL, should be held responsible for the poor management of CAL, which has been running huge debts with various flaws in operations since 1980, Yu and Hsu said in their report.

A series of flight accidents involving CAL's aircraft over the past one year have exposed CAL's poor management, low morale and many other problems in the company's personnel system, they said. CAL has only 19 aircraft, but the number of its staffers exceeds 5,800, they said, indicating that the large expenditures on superfluous personnel have not only worsened the company's financial condition but also resulted in factionalism and endless internal disputes, they said.

Yu and Hsu also accused the two government agencies of purchasing too many kinds of aircraft for China Airlines without considering their economic efficiency. They suggested that the government simplify the models of aircraft in CAL's fleet and buy more fuel-efficient aircraft to help reduce CAS's deficits.

EXPERT PESSIMISTIC ON 16-BIT PC EXPORTS TO U.S.

OW180411 Taipei CNA in English 0321 GMT 18 Jun 86

[Text] Taipei, June 17 (CNA) -- A computer expert in Taipei has predicted dark days lie ahead for exports of the domestically-produced 16-bit personal computers to the United States judging from the U.S. Government's tightened inspection of such products from other countries.

A marketing expert at the Institute of Information Industry said Tuesday that the U.S. Government has recently upgraded its standards in testing the radiation levels of electronics products imported from other countries. As a result, a lot of foreign products have been blocked from the U.S. market, he said. So far, only a few foreign personal computers have passed such tests, he said.

The official, who asked not to be identified, said the upgrading of the inspection standards should be attributed to the pressure from American computer manufacturers who have been suffering from fierce foreign competition in recent years.

He urged the domestic computer makers to begin diversifying their exports to Europe, Southeast Asia and other areas in the world to cope with the impact of a shrinking market in the U.S.

EDITORIAL PRAISES CHEN YUN'S CAUTIONS ON REFORMS

HK190307 Hong Kong SOUTH CHINA MORNING POST in English 19 Jun 86 p 10

[Editorial: "Fighting 4,000 Years of Ingrained Bad Habits"]

[Text] In the absence of a true opposition party, China needs voices like that of Mr Chen Yun, the widely respected economist and confidante of Mr Deng Xiaoping whose criticisms of China's reform programmes are becoming increasingly forceful.

Much has already been done to restrain sometimes ill-advised and profligate reforms since Mr Chen lashed out at a party conference last year. But the many-headed moster of economic adventurism is proving difficult to bring under control.

It is typical of the way China runs its affairs that the need for a greater sense of urgency in bringing the beast to heel should be emphasised by the publication of a new set of Mr Chen's works, containing at least 44 articles not previously made public.

The serious side-effects of economic reforms have been apparent for some time. Recent efforts to check the excesses committed by privileged cadres who regard the reforms as a heaven-sent opportunity to pillage and profiteer have hardly made a dent in corruption and mismanagement.

Mr Chen has attributed the present malady to a lack of discipline and to attempts to move too far too quickly, but perhaps the real root lies elsewhere. Chinese culture is more than 4,000 years old, which is plenty of time for bad habits to take a most tenacious hold. Bureaucracy is ingrained as a way of life, and although the communists have tried to break the mould, the obstacles in their way are awesome.

For more than two decades, ever since the Great Leap Forward, the people led a frugal existence, denied the material consolations enjoyed as a matter of right in other nations. The open door policy suddenly changed all that; it was like offering a starving person a sumptuous banquet. Gluttony -- and its consequential sickness -- was only to be expected.

A slowing of the pace of reform is a plausible solution, but only a partial one. The increased discipline that Mr Chen Yun sees as a remedy may not be quite so effective, although periodic rectification campaigns may have a similarly salutory effect as occasional fasts would have on a glutton. A massive education effort, however, offers the only real, long term solution, especially to the perennial sickness of entrenched bureaucracy.

The publication of Mr Chen's warnings is timely, although any suggestion that it signals a rift in the party old guard, or a conservative counter-attack aimed at Mr Deng and his colleagues, would be far from the truth. The two elderly leaders share closely similar visions and goals.

Mr Chen's views should be seen as the cautious advice of an older brother to a too-eager sibling. Mr Chen's is the voice of restraint, without which China's ambitious reforms, which Mr Deng himself has described as a bold experiment, could veer completely off course.

SITUATION OF DEFECTING CHINESE 'FISHERMEN' EXAMINED

HK190303 Hong Kong SOUTH CHINA MORNING POST in English 19 Jun 86 p 1

[By David Chen]

[Text] Nineteen Chinese men trekked 2,500 kilometres across China, bought a dilapidated junk and motored for 30 hours across the Yellow Sea to reach South Korea on Tuesday morning, asking to be sent to Taipei. Their journey across China from Guangdong in the south to Shandong in the north took 15 days.

Their great escape to freedom came to an end when the Korean marine police intercepted the boat off the coast of Sosan, 100 kilometres south of Seoul, and impounded the vessel. Three of the 19 defectors were reported to be government officials. Full details of the defection were made available only yesterday.

Immediately after the Korean marine police released a statement about the incident, the Taiwan Embassy in Seoul notified the South Korean Foreign Ministry that Taipei was very concerned about the "boat people." Some Taiwan newspapers, however, expressed the fear that the 19 might be sent back to Beijing if the Korean authorities treated the matter as if the men had been rescued in distress on the high seas. There has so far been no reaction from Beijing.

First news of the saga came on Tuesday afternoon when the Korean police issued a brief statement: "At 3 am on June 17, marine police found an unidentified boat, about four to five tons, adrift in front of Sosan (a little village north of Kunsan). The police impounded the ship. The vessel was of Chinese origin and 19 persons were on board and were found to be in good shape. They are now in the custody of the authorities. The cause of the vessel drifting into the territorial waters of the Republic of Korea is under investigation. This matter will be handled in accordance with domestic and international law as soon as the investigations are completed."

A police spokesman refused to comment further, but sources said the men were now in custody. This could mean they may be detained for some time before being sent to Taiwan.

While the Korean media reported the incident at length, it was Taiwan's Central News Agency (CNA) which gave a graphic description of the trek. There were two versions as to how they got to South Korea, CNA said. One claimed that they left from Fujian, the other from Shandong. The second version was more reliable, judging from the state of the junk in which they arrived. According to CNA, the 19 people included three government officials, one cook, four farmers, two welders, two sheet metal workers, three merchants, one printer and three drivers. They all spoke with a southern accent and came from one county in Guangdong. Several of them were militiamen or sappers in the People's Liberation Army.

Two weeks ago they began the trek north. Their most likely route would have been through the central provinces of Hunan, Hubei and Henan (rather than the coastal route), where food and lodgings are not difficult to secure. The group travelled part of the way by train but walked a considerable distance to save money to buy the boat.

The report said that in Shandong they bought a decrepit motorised junk for 6,000 yuan (about HK$15,000) and on Sunday night east into the Yellow Sea.

For most of Monday they sailed in the general direction of South Korea and by early Tuesday morning the coast was in sight. But then the motor failed, although the junk drifted further into South Korean waters. CNA said that most of them swam ashore and asked to be sent to Taiwan.

Korean newspapers, however, said the boat developed engine trouble and sent out a distress signal. A Korean patrol boat responded and towed the craft to shore.

This is the second time a Chinese vessel has mysteriously arrived in Korean waters. In March last year a torpedo boat was towed into a Korean port after an apparent mutiny in which six of the 19 men on board were killed. The Korean authorities ruled out any political motives and after several days of negotiations the boat and crew were handed back to China.

There have also been six cases of Chinese Air Force aircraft flown to South Korea since 1961. Their crews were all subsequently sent to Taiwan where they recieved a hero's welcome and monetary rewards.

EDITORIAL VIEWS PROBLEM OF PRC DEFECTORS VIA SEOUL

HK190305 Hong Kong SOUTH CHINA MORNING POST in English 19 Jun 86 p 10

[Editorial: "Unwelcome Guests in Seoul"]

[Text] South Korean is once agiain faced with the troublesome question of defectors from China who want to go to Taiwan. There is no likelihood that the 19 people who landed near Kunsan on Tuesday will be sent back to Beijing, they are defectors and international practice demands their request for asylum in a third country should be respected.

South Korea has done just that in previous defections. Even in the CAAC [Civil Aviation Administration of China] hijacking three years ago, the six hijackers were allowed to go to Taipei after serving prison sentences.

In the past 18 months, though, there have been so many mainland defectors using South Korea as a stepping stone to Taiwan that it has become an embarrassment. Most of them have been from northern China, but the latest incident indicates southerners are now getting in on the act.

If this trend continues, Seoul must fear South Korea will end up in a similar situation to Hong Kong's at the height of the exodus from Vietnam. The prospect of endless boatloads of people fleeing the mainland, using Korea as a stopping off point, is distinctly unappealing.

An additional problem is the possible deterioration of contacts between South Korea and China, which over the past five years have been steadily improving in spite of the fact that they do not maintain diplomatic relations.

With summer setting in and the seas relatively calm, South Korea may be facing a problem with which we in Hong Kong will have a great deal of sympathy.

TA KUNG PAO COLUMN ASSESSES DOUBLE HUNDRED PRINCIPLE

HK190345 Hong Kong TA KUNG PAO in English 19 Jun 86 p 2

["The Past Week" column]

[Text] "Double-Hundred Principle" Again

In these columns last week, we discussed the new wave of discussions in favour of D-HP -- "the double hundred principle," or the principle of letting a hundred flowers bloom and a hundred schools contend. And then we predicted that, it seems, the wave of discussion, which had been going on for about a month, had not reached its end. That now looks like an understatment. For even when that was being written, the PEOPLE'S DAILY published details for a forum arranged with the joint effort of Marxism-Leninism-Mao Zedong Thought Study Society, China Writers' Association, Political Study Society, The Federation of China Economic Societies, the Natural Dialectics Study Society, the Marxism-Leninism of the China Academy of Social Sciences, etc.

The names of the organizations seem to indicate a certain degree of orthodoxy. But the reports read at the forum, which was held to mark the 30th anniversary of the enunciation of D-HP, sounded hardly all that orthodox.

Among those who read their reports at the forum were leading members of various academic societies. But there was also the 29-year-old economist, Ma Ding, whose work "The Ten Shifts in Contemporaty Chinese Economic Studies," published last year, stirred up an instant controversy. Now this young economist said at the forum:

Academic questions should not be subject to administrative or organizational measures, for these can only do harm to the luxuriant growth and development of sciences. In fact, these measures will be even more harmful to the growth of the young (scholars) themselves.

Stressing that D-HP is a lasting as well as fundamental principle, Ma calls for full legal safeguard for the freedom of creation, study and speech and the equality among those who take part in such studies and discussions, with no special privileges accorded to anyone.

Citing what Einstein said about the objective and subjective fears, Yan Jiaqi expressed hopes for an environment in which those who look for truth and stick to what they have found will not come under attacks or persecutions. And he then goes on:

This is to put the desire to look for truth and for what is beautiful high above any other desires. It is only on this basis that sciences and arts can develop and the civilization of humanity can maintain its incessant progress. If today, in these 80's of the 20th century, we did not opt for the search for truth and the beautiful; if, in trying to defend ourselves from certain possible attacks and to avoid possible harms, we should carefully pick our ways through the words which bring us political safety; and if merely for the purpose of giving authority to our views and fending off verbal attacks, we should opt for meticulously selected words from Marx and Lenin -- then, such options will not bring us any creation and would certainly have nothing to do with "the freedom of academic study and creation."

Literary Works and Socialism

Throughout these reports, talks and writings, there has been no mention of the four fundamental principles or how they should apply to the question on hand. Only the legal aspects of the works which come close to malicious libel and sedition, and works of bad tastes (a euphemism for sex and violence) were discussed. To deal with these aspects, the new criminal code has, of course, made ample provision.

When Peng Zhen brought forth the draft version of China's Fifth Constitution, he stressed its legal force and the fact that the four fundamental principles provided the guiding spirit in drafting the Constitution. In fact none of the four are repeated word by word in the Constitution. Obviously if legal actions were to be taken against the violation of these principles, even the related clauses in the Constitution would be inoperative in the absence of precisively worded criminal codes.

But one of the participants at the 26 May forum, Wu Mingyu, did come very close to this question. He said that the call on "artists and scientists to serve the socialist cause" should not "put a limit to every work or research subject". This is especially true with subjects as sciences (both natural and social) and history.

This has been said before, but there are still lingering worries at the back of many people's minds. In China's Regulations on Graduate Studies adopted in February 1980, for example, one of the qualifications laid down for the applicants to pursue such studies specifies that they should support the leadership of the Chinese Communist Party and the social system.

Ironically, only a year or so after the promulgation of this regulation, Wang Guowei and his pioneer work on China's ancient oracle texts were rehabilitated academically and he was publicly recognized as a great scholar. For decades Wang's works were shunned because he was not only not a socialist, or even a republican, but a diehard royalist who continued to sport his pigtail and owe allegiance to the Manchu Dynasty (though he was a Han), and finally drowned himself when a royalist resurrection coup failed.

Probably, the inhibiting clause was there just as a necessary decoration and nobody is taking it seriously. But unfortunately, somebody did. A young historian had written a brilliant thesis on the question why China's feudal society lasted so long. When armed with this, he applied to do graduate work at a university, he was unceremoniously turned down by a Marxist professor, who said, "I don't have to read this trash. A look at the title and I know that this is out-and-out non-Marxist." This may be just a single case, and I certainly hope it is.

But looking from another angle, at this time of open-door policy and international exchange, are we to set up different political conditions for domestic candidates and candidates from abroad? If so, that would be most awkward.

Wu also says, "We insist that personal likes and dislikes, including those of ranking officials, should not be allowed to decide whether a literary work or certain results of scientific research are correct or wrong (meaning whether they conform to socialism or not)."

The message is that the final decision should be left to the people of today or even of future generations.

CHENG MING VIEWS DEBATE OVER THREE GORGES PROJECT

HK131125 Hong Kong CHENG MING in Chinese No 104, 1 Jun 86 pp 18-22

[Article by Mu Fu: "The Earthshaking Three Gorges Project" -- capitalized passages published in boldface]

[Excerpts] "Walls of stone will stand upstreatm to the west to hold back Wushan's cloud and rain till a smooth lake rises in the narrow gorges. The mountain goddess, if she is still there, will marvel at a world so changed." This poem, to the tune of Shui Tiao Keh Tou," by Mao Zedong in 1958, has almost been forgotten by the people. However, once again it is now being quoted in Mainland China's newspapers and periodicals.

A year ago, while introducing the Gezhou Dam project, RENMIN RIBAO expressed that: "The day is not far off when the Three Gorges Dam will begin to be built; and the magnificent idea of 'a smooth lake rising in the narrow gorges' will surely be realized by this generation of ours!" At a press conference held on 4 April, Vice Premier Li Peng said that "the Three Gorges project is a great project with comprehensive benefits of power generation, flood prevention, and shipping. This project not only has a bearing on the current four modernizations drive but also will be very important to our coming generations." Deng Xiaoping expressed his opinion, almost at the same time, that the Three Gorges project "has more advantages than disadvantages," (according to an American journalist).

Nevertheless, this great project has evoked public criticism. Through the CPPCC conference, the opposition faction against the Three Gorges project in Mainland China has delivered a high-sounding report on the postponement of the project, and overseas personages belonging to the left, the middle, and the right have almost invariably raised doubts, different opinion, or objections to the Three Gorges project. It is rare that overseas personages have shown such great solicitude for a construction project on the mainland. This also demonstrates the extraordinary significance of this unique project in the world.

In the face of the opinions of various sides, the Fourth Plenary Session of the Sixth NPC, which closed in mid-April, did not include the Three Gorges project in the Seventh 5-Year Plan." Nevertheless, the importance of the project has still been affirmed, the positive attitude toward the construction of the project remains as before, and only the date for the commencement of the construction of the project is undetermined.

The Reasons for the Affirmation of the Three Gorges Project

The reasons for the Chinese Government's making up its mind to build the Three Gorges Dam can be analyzed in light of two aspects.

The necessity for the exploration of natural resources is an objective aspect.

1. FLOOD PREVENTION

A bigger reservoir possesses bigger flood storage capacity. According to calculations by the Chang Jiang planning office (which is a large institution responsible for harnessing the Chang Jiang and led by Lin Yishan over a long period of time), if the Three Gorges project is built according to the low-dam plan, with the water storage line being 150 meters above sea level and the antiflood storage capacity being 22 billion cubic meters, the great floods which occur only once in a century can be prevented; and in the event of the floods which occur only once in 10 centuries, safety can still be ensured if only flood diversion is effected in the Jing Jiang. (A flood-diversion area was built there in 1952, which can receive 6 billion cubic meters of floodwater when necessary.)

2. POWER GENERATION -- Following the completion of the project, the Three Gorges Dam will have a great potential for generating hydropower. According to the feasibility study report made in 1984, the total installed capacity of the Three Gorges power station will be 13 million kilowatts and the annual generated energy will be 67.7 billion kilowatt-hours, which is equal to one-sixth of the total generated energy in the country at present and exceeds the capacity of the Itaipu hydroelectric station in Brazil, the largest in the world. Moreover, occupying an ideal geographical position and having Beijing, Shanghai, and Tianjin within its radius of economic power transmission, the Three Gorges project can make up the serious electricity shortage in east and central China.

3. NAVIGATION -- With its freight volume lagging far behind those of the smaller rivers in Europe and America, it is estimated that 90 percent of the Chang Jiang's potential has not yet been brought into play. Moreover, noted for its dangerous navigation, the Chuan Jiang (the section between Yibin in Sichuan and Yichang in Hubei) has too many shoals and rapids and can hardly be used. However, after the completion of the Three Gorges Dam, the backwater area would reach areas above Fuling and submerge all the shoals and rapids in the three gorges. In addition, the 500-km-long deep-water channel formed as a result of the construction of the dam would enable 10,000-ton vessels to sail directly to Chongqing through its locks.

The above-mentioned three points demonstrate the important hydraulic characteristics of the Three Gorges Project, which have long attracted the attention of the Chinese and foreign personages who are interested in China's natural resources, notwithstanding that these characteristics are still rather controversial in terms of technology.

Judged from the angle of humanism, we can see the other aspect of reasons for the construction of the Three Gorges project in China.

1. BEING RELATED TO CHINA'S ENERGY STRATEGY -- Hydraulic power generation occupies a very important position in the guiding ideology for China's energy development. In October 1980, Zhao Ziyang pointed out that "being quite different from coal and petroleum, which are all linear energy, hydropower is renewable energy and does not have a problem of pollution." Therefore, it should be grasped as a strategic measure. A study report called "China's Energy by the Year 2000," released in November 1985, says that "as our country is rich in hydropower resources, the most practical way of improving the energy structure is to expedite hydropower construction."

After the Cultural Revolution, the principle of "giving priority to hydropower in power construction" was established, but the electricity shortage still ran as much as [illegible]0 billion kilowatt-hours per year for a long period of time. It was against such a background that the planning of the construction of the Three Gorges project was expedited.

Early this year, Li Rui, who is "quite a dab hand" leader in charge of China's hydropower construction for 11 years, submitted a report to the highest levels of the CPC demanding an increase in investment and the increase of hydropower construction.

He even quoted the words of a U.S. expert, that "it is strange to first of all develop the nuclear plant in Guangdong Province rather than exploring the Hungshui He." He maintained that the Longtan power station of the Hungshui He in Guangxi, which will have installed a capacity of 5 million kilowatts, should be incorporated into the "Seventh 5-Year Plan," as it entails less investment than the Shenzhen nuclear power station and will be able to provide Hong Kong with electricity. (See SHUILI FADIAN [HYDRAULIC POWER GENERATION], Issue No 4, 86)

2. A LONG-PREMEDITATED STRATEGIC DEPLOYMENT -- As early as in the fifties, China already had a plan to make the Three Gorges water control project "a strategic center for harnessing the Chang Jiang." In this plan, the Three Gorges project was the last link of a series of construction projects. Zhou Enlai once worked out a 3-level deployment for the Three Gorges project: Danjiangkou -- Gezhou Dam -- Three Gorges. Situated in the upper reaches of the Han Shui, the Danjiangkou power station (with an installed capacity of 0.9 million kilowatts) was completed in 1973 after a construction period of 15 years. Located in the suburbs of Yichang City and started in 1970, the Gezhou Dam already stood across the Chang Jiang in 1981, and its second-phase construction project is coming to a close. China has repeatedly proclaimed that the Fezhou Dam (with an installed capacity of 2.72 million kilowatts) is part of the Three Gorges project and was built for this project. Meanwhile, the plan for Three Gorges province, which was especially drawn up for the Three Gorges project, also seems ready to come out at any time.

Furthermore, a large number of preliminary construction projects paving the way for the commencement of the construction of the Three Gorges project have been undertaken for many years and wasted a lot of money. Therefore, we had better say that the "Three Gorges project" has already begun. Reportedly, as many as 50,000 technicians and a large number of technical personnel who tempered themselves in the construction of the Danjiangkou and Gezhou Dam projects are "now waiting to display their skills to the full in the construction of the Three Gorges project." Thus, we can see that as far as the Chinese Government is concerned, the commencement of the construction of the Three Gorges project is already "at the point of no return." Moreover, it is by no means easy to stop a machine which has already been running for over 20 years.

3. THERE IS NOT A FINANCIAL PROBLEM -- According to the budgetary estimate by the Chang Jiang planning office, the Three Gorges project would require 15.9 billion yuan (about $10.6 billion). Of this, 12.4 billion yuan is the cost of the project and 3.5 billion is the expenses for moving people living in the reservoir areas. The planning department for developing the Three Gorges project expressed that the output value of the electricity produced by the Gezhou Dam each year would be sufficient to support the construction of the Three Gorges project. Moreover, in the eighth year after the commencement of the construction, the project would be able to earn enough money by generating electricity to cover its own cost. In 1984, Li Peng once said that foreign countries are welcome to build the Three Gorges project jointly with China, which has already attracted the attention of many foreign consortia. Therefore, the issue of finance is no longer an obstruction to the construction of the dam.

4. HISTORICAL RESPONSIBILITY -- On more than one occasion, the Chinese news media has mentioned the history of construction of the Three Gorges: Sun Yat-sen once mentioned the idea of building sluices in the Three Gorges; in the thirties the national government even worked out a Three Gorges plan and even chose a dam site; in the forties, it even asked (Suffrank) [sa fan qi 5646 0416 1142], a noted U.S. dam expert, to make two on-the-spot investigations, proposed a "(Suffrank) plan", and even organized prospecting and planning works; and after 1949, Mao Zedong and Zhou Enlai all attached great importance to the Three Gorges project, organized scientific and technological works, made personal inspections, and let the construction of the Gezhou Dam start, even during the Cultural Revolution. All this shows the dynastic aspiration of the CPC leaders to accomplish the great cause not accomplished by their predecessors.

Undoubtedly, this mentality of carrying forward the undertaking of predecessors and opening up a new road for the future and vying to be historical heroes is a powerful inner impetus for increasing the construction of the Three Gorges project. Of course, people know that the heroism of the communists often leads to many foolish things.

Judging by the above-mentioned subjective and objective reasons, we can see that China's placing the construction of the Three Gorges on its agenda has a historical background. Differing from those things done in a hot headed manner, in a sense it is an inevitable outcome of history.

The Clash Between Pros and Cons

Theoretically, the examination and approval of construction projects on the mainland are always based on the principle of "technical possibility and economic rationality." In the case of complex projects, it is not unusual for different opinions and arguments to arise. So, the argument about the Three Gorges project is unavoidable. In the relatively lively academic atmosphere of today, the different opinions of the pros and cons have been made known to the public.

The pros favor the original plan to start the construction during the "Seventh 5-Year Plan" period and complete the project in 17 years. Believing that conditions are now adequate, they are full of confidence. These people include those scientific and technological personnel who have devoted themselves to the planning of the Three Gorges project for many years and the leading cadres at all levels in the water resources and electric power system. People generally believe that Vice Premier Li Peng, who is now in charge of energy resources, is the respresentative of the pros. In addition to having such a powerful and influential background as the adopted son of Zhou Enlai, this new political star, who has been on the rise in recent years, is truly a hydraulician. After his graduation from the Moscow Institute of Dynamics, he once worked as chief engineer of a hydropower station and electric power department in northeast China. Undoubtedly, the superiority of the Soviet Union in the development of hydropower influenced him to increase China's hydropower construction. In 1984, he personally proclaimed China's determination to build the Three Gorges hydropower station. It is believed that he is one of the decisionmakers at the highest level regarding the Three Gorges project.

Most of the known cons are personages of the cultural circles and scientific and technological circles outside the water resources and electric power system. It is said that the national CPPCC is a base for these cons and that most of the people there are against the construction of the Three Gorges project. In the spring of 1985, during the Third Session of the Sixth CPPCC, some people even wanted "to make tearful remonstrance" in an effort to stop the construction of the Three Gorges project. After the session, the CPPCC even organized an investigation group which made a 38-day-long investigation and wrote a report stating that the Three Gorges would have more disadvantages than advantages and opposed the commencement of the construction of the project during the "Seventh 5-Year Plan" period. Most of the CPPCC cons favor postponing the Three Gorges project, but, in fact, they are against the construction of the project.

The main viewpoints of the CPPCC report are as follows:

1. The Three Gorges project would not play a great antiflood role in the middle and lower reaches of the Chang Jiang but would, on the contrary, aggravate the damage caused by flooding in its upper reaches. The flooding of the Chuan Jiang is not the main source of the floods in the Chang Jiang.

2. The project would limit the freight volume of the Chang Jiang, as the designed freight-passage capability of its locks would be only 50 million tons and, as a result, 10,000-ton vessels could not reach Chongqing. Moreover, the silt deposits would reduce Chongqing to a dead port.

3. Its power generation would require more investment and a longer construction period but produce poorer results.

4. As at least 860,000 people would be displaced from the reservoir areas, over a dozen cities would have to be built, requiring expenditure of over 10 billion yuan.

5. As the geological structure is complex and weak in the region, earthquakes and great landslips might occur after water is stored.

Finally, the CPPCC report suggests building 20 large or medium-sized hydropower stations as a substitute for the Three Gorges project. This is the "substitution plan."

In October 1985, the consultant group of the planning department of the China general corporation for developing the Three Gorges project advanced their suggestions to refute the CPPCC investigation report. Here are the main points:

The issue of flood prevention: The suggestion report holds that the flooding of the Chuan Jiang is the main source of the flood waters in the middle and lower reaches of the Chang Jiang. Judging by the records of several major floods in this century, the flood waters from Yichang constitutes 60 to 80 percent of the total flood waters in the Chang Jiang. The antiflood role of the Three Gorges project is mainly to coordinate the flood-prevention and flood-diversion projects in the middle and lower reaches to reduce flood peaks and prevent the damage caused by floods of a speed of over 80,000 cubic meters per second, rather than storing all the flood waters. This is a role which cannot be taken on by several dozen reservoirs in the tributaries. Therefore, it is a misunderstanding of the design data to say that the project would aggravate the damage caused in the upper reaches.

The issue of the results of power generation. The suggestion report gives some figures showing that the cost of the Three Gorges project would not be higher than that of other power stations and that although its construction period would be a bit longer it could generate enormous amounts of electricity and some electricity even in advance of completion. Therefore, it is a construction project of great reserve potential.

The issue of navigation: The suggestion report holds that the designed freight-passage capability of the Three Gorges great dam is not just 50 million tons but 150 million tons. As the 139 shoals and rapids would all be submerged, obviously the carrying capacity of the Chang Jiang would be increased. Also, as long as various water levels are rationally selected in flood seasons, the matter of silt deposits in Chongqing could be avoided.

Regarding the issue of silt deposits, the Chang Jiang valley planning office even made a large number of experiments on silt deposits and found that the silt in the Three Gorges is only one-thirteenth of that in the Huang He's Sanmen Gorges and that the Three Gorges have favorable conditions for discharging silt. After 80 years, when the lowest layer of the reservoir is full of silt, silt entering the reservoir can hardly stop as rapids can carry it away. Therefore, a balance of silt can be maintained and the life of the reservoir will not be in danger even many years later. Moreover, the method of preventing flooding by "storing clear water to discharge muddy water" has been proved effective.

The issue of geology: The suggestion report holds that the geological conditions in the Three Gorges reservoir region has been basically established and that the possible landslips and landslides have also been taken into consideration. However, the storage capacity of the first layer of the reservoir is so large that even if they do occur, the structure of the dam and navigation will not be affected. It is estimated that the magnitude of possible earthquakes might be 5.5, which is within the designed shock-resistence strength of the dam. As for the issue of wartime safety, as the Three Gorges project is "a concrete gravity dam," it can with stand any conventional weapons but not nuclear attack.

The issue of the people who will be displaced as a result of the construction of the dam: According to the Three Gorges project, 500,000 people must be displaced; and if the extra flood water is also to be stored, over 90,000 people will have to be displaced in addition, and over 50,000 mu of farm land submerged. However, if the Three Gorges project is not to be built, the people displaced in the lower reaches will increase by 1.05 million, and farm land submerged by 1.6 million mu. The loss will be much greater.

The suggestion report points out that investment in the Three Gorges project is estimated to be 15.9 billion yuan. Nevertheless, in order to meet big floods of the kind that occurred in 1954, the cost of flood diversion would amount to 21 billion yuan, exceeding the cost of the Three Gorges project.

These openly differing opinions show that the pros do not have the slightest intention of making concessions. Although the opinions of the cons are representative, it is believed that they have not yet come out with "all they want to say" and still have reservations.

The Differing Opinions of People in Foreign Countries

People in foreign countries who are interested in the Three Gorges project also hold differing opinions. Some people share the viewpoint of the CPPCC report and some do not. People holding similar views agree with the CPPCC report on the issues of the displacement of people, silt deposits, and the substitution plan. These people deeply deplore the fact that many people will have to be displaced from their hometowns. In particular, they point out that the serious soil erosion in the upper reaches of the Chang Jiang would result in the silting and short life of the Three Gorges reservoir, and that the way to harness the Chang Jiang should be to building more dams along its tributaries to replace the Three Gorges project. Professor Zhen Juyuan calls this kind of substitution plan an "opportunity cost," that is, the results of making the same investment in other hydropower projects would be even better than those of the Three Gorges project.

He said that this is the opinion of some U.S. experts. He wrote that "as hydropower can be found anywhere in China, it is necessary to carefully consider whether the construction of the Three Gorges Dam is a must."

Some overseas personage also hold some more emphatic and original opinions than the cons in China:

1. Influence upon environment and ecological equilibrium.

2. Destruction of landscape.

3. The issue of cost undertaking.

4. Attention should be paid to the motivation of U.S. aid for the construction of the Three Gorges project. Professor Xiong Jie holds that the intention of the United States in selling technology to China in aid of the Three Gorges project is to make China an ally of the United States against the Soviet Union and to "attempt to reduce China to a technological vassal state of the United States." So far, China has paid the United States a tuition fee of $1 million only for its consultancy service to the Three Gorges project. In the future, China would become more and more dependent on the United States and loss its diplomatic independence and initiative, while the United States could make China break with the communist system and effortlessly reap the spoils of the fight between China and the Soviet Union. China "really has to think about it." (ZHONG BAO, March, 1986)

Almost echoing this viewpoint, in his speech made during the Third Session of the Sixth CPPCC, which was held in mid-March, Qian Jiaju, a noted Chinese economist, remarked that "a certain country" is particularly interested in the Three Gorges project. For one thing, it would like to make a profit, of course. But, primarily, it wants, in the name of safeguarding the great dam in the future, to "place our country under its nuclear umbrella. By then, we would not be able to uphold the diplomatic policy of maintaining independence and keeping the initiative in our own hands." (CHINA PAO, May 1986)

An Assessment of the Debate

I think that the differing opinions of the people at home and abroad on the Three Gorges project can be classified into three categories:

First, the purely technical issues, e.g. the issue of silt deposits. In view of the negative lesson drawn from the condition of silt deposits in the Sanmen-Gorge hydropower station, as well as the situation of water and soil conservation in China, it is very important to raise this point. However, in fact, China also attaches great importance to the issue of silt deposits. It has even carried out protracted nationwide research and gained successful experiences in discharging reservoir sand. After two reconstructions, the Sanmen Gorge project also began partially generating electricity. The China General Corporation for Developing the Three Gorges project believes that there is no tendency of an increase in soil erosion in the upper reaches of the Chang Jiang. As for the issue of earthquakes, there are already seven exceptionally big reservoirs, with a storage capacity of over 100 billion cubic meters of water, in the world, but no accidents have ever been heard of in connection with earthquakes.

Regarding such issues as the assessment of the antiflood capability of the Three Gorges, as well as the comparison between the results of building more small hydropower stations in the tributaries and building the Three Gorges hydropower station, naturally there might be varied understandings and plans. Nevertheless, as long as realistic data is obtained, it should not be difficult to make a decision and come to a conclusion.

Second, differing opinions resulting from differences in senses of value. People in foreign countries tend to pay more attention to the ecological equilibrium and changes in the landscape. However, as far as the people in China are concerned, these are obviously placed in less important positions. It is believed that they would feel the antiflood value of the Three Gorges project, which affects the life and property of millions of people in the middle and lower reaches, and the necessity of power generation and navigation, which have a direct bearing on the success or failure of the four modernizations drive, to be far more important than the sightseeing value of the scenic spots of the Three Gorges. Judging by the fact that neither the CPPCC investigation report nor the suggestion report of the China General Corporation for Developing the Three Gorges project mentions the issue of environment and ecological equilibrium, we can learn that they probably think that China has historic sites everywhere, and consider negating the project only because of several scenic spots in the Three Gorges as being penny wise and pound foolish.

Meanwhile, it cannot be proved that China attaches no importance to the environment at all. According to this year's second issue of SHUILI FADIAN [HYDROPOWER], the principle of the construction of the Three Gorges project is "to build the future Sanxia City into a modernized star city of tourism and convalescence, with the key water control project as its main body, and a center of the Three Gorges scenic area." In fact, notwithstanding the fact that some historic sites might be destroyed as a result of the construction of the project, "the mountain goddess should still be there" and the natural scenery of the Three Gorges will still be retained. Because all the precipitous and fantastic mountains along the banks of the Three Gorges are 1,500 to over 2,000 meters above sea level (including the 12 Wuxia peaks, one of which is the goddess peak), and the water line is only 100-odd meters above sea level, the historic site of Baidi City in Fengjie is also far above the water line. Of course, the scenes before and after the construction of the dam would be quite different.

1. The Pattern of Decision-making or the Pattern of Investment

The CPC has had very painful experiences in engineering construction of a result of "giving arbitrary and impracticable directions" and of "nonprofessionals commanding professionals." At present, there are already 86,000 reservoirs of various sizes in the whole country. This figure is very wonderful, as compared with the 23 reservoirs before 1949. However, many of these reservoirs have engineering problems, or have even brought floods and damage, or wasted a lot of money through protracted repairs and reconstruction. The root of these problems lies in the fact that the engineering decisions were hastily made and that the wisdom of scientific and technological personnel was not respected. In particular, many consequences have been left by the "Great Leap Forward" in which vast numbers of people were mobilized to build irrigation works and transform nature by the confused orders of cadres such as secretaries of country CPC committees. In the sixties, the "revolution in planning" called for "discarding the foreign walking stick" and practiced "the system of cadre participation in productive labor and worker participation in management, of reform of irrational and outdated rules and regulations and of close cooperation among cadres, workers, and technicians," which was also a reflection of the ultraleft line in scientific and technological circles.

In the past, the Three Gorges project was kept secret. It is now obviously progress to make the plans known to the public and to solicit public opinion. Nevertheless, people should also watch out for the factors like excessive interference and hasty decisions by leaders, because the "party's leadership must also be upheld" in the Three Gorges project. Since the policy of opening up to the outside world was adopted, the phenomenon of "what I say goes" is still rather common. Recently, I learned that Deng Xiaoping expressed his opinion on the Three Gorges project, and I think this must have something to do with Deng Yingchao's support for Li Pneg. As the chairman of the CPPCC and widow of Zhou Enlai, Deng Yinchao is rather influential. Therefore, we can see that the highest levels of the CPC tend to support the pros.

2. A Lack of Scientific Competition

Under China's long-standing centralized system, even in the field of technology, it is still the practice that "all the big powers are arrogated to a single person and all the small powers are scattered." As a result, the plans which suit the taste of a person in power will be readily supported by a particular group of people and become a trend. Therefore, people can hardly hear or express any different opinions. This time the debate over the Three Gorges project was started at the CPPCC, which more or less reflects this state of affairs. It is believed that it would be more significant if the debate was between the former Ministry of Water Resources and the former Ministry of Electric Power. So far, we have not yet heard any differing opinions within the water resources and electric power systems, and it seems that people there all side with the pros.

3. It Must Be Postponed

At the end of its suggestion report, the planning department of the China general corporation for developing the Three Gorges project raises the viewpoint that "great loss would be incurred as result of the postponement of the construction of the project," which gives people a feeling of "putting the cart before the horse." Its reason is that if the project is postponed for a year, the relief of the threat of flooding to the lower reaches and the improvement in the navigation in the upper reaches would also be postponed for a year and that it "would be the biggest waste" to disband the technical and construction contingents and let the equipment lie idle. As it claims that there are already "20,000 workers waiting for jobs," it seems that there is no choice but to immediately commence the construction of the project.

On the one hand, this reflects the feeling of the pros; but on the other hand, it also makes people feel the authorities' lack of sincerity in the debate over the Three Gorges project. The fact the project is not included in the "Seventh 5-Year Plan" is only a kind of temporary concession. If the necessity and feasibility of such an important project is faced with any major challenges, its postponement should be necessary and worthwhile. Since its premise is in doubt, how could the postponement of the project be counted as a loss?

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China

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PRC SPOKESMAN COMMENTS ON SOUTH AFRICA, KOREA

HK200858 Beijing RENMIN RIBAO in Chinese 19 Jun 86 p 1

[XINHUA report: "Foreign Ministry Spokesman on Atrocities of South Africa, Korean Proposal for Talks by Tripartite Military Authorities:]

[Text] Beijing, 18 Jun (XINHUA) — At a news briefing today, a Foreign Ministry spokesman commented on the South African authorities' recent practice of intensifying their suppression of the black masses and reiterated that the Chinese Government and people strongly condemn the South African authorities' savage acts.

He said that recently, on the occasion of the 10th anniversary of the Soweto carnage commemorated by the South African people, the South African authorities further intensified their armed repression of the activities of the black people, persecution of black leaders and control over the press. At the same time, they made another armed attack against Botswana.

He said that the Chinese Government and people strongly condemn the South African authorities stubborn stand in clinging to the system of apartheid and their savage acts in repressing black people and attacking neighboring countries. The Chinese Government and people have always sympathized with and supported the South African people in their struggle against racism, and stood for the reasonable proposition and just demand by the international community to impose sanctions against the South African authorities. We are convinced that with the vigorous support and solidarity of all the justice-upholding countries and peoples, the South African people will surely be able to attain their goal of eradicating the system of apartheid through unremitting struggle.

A reporter asked what is China's comment on the proposal of holding tripartite talks by the military authorities of North and the South Korea, and the U.S. troops stationed in South Korea, a proposal put forward by the Supreme Command of the Korean People's Army.

The spokesman said that the proposal put forward by the Democratic People's Republic of Korea was of positive significance in reducing the military confrontation between the South and North and for relaxing tension in the Korean peninsula. "We believe that realization of such talks will help ease the current situation on the Korean peninsula and create a favorable atmosphere for the resumption of the dialogue between the South and the North.

UN'S PEREZ DE CUELLAR ON AID FOR AFRICAN REFUGEES

OW200559 Beijing XINHUA in English 2355 GMT 19 Jun 86

[Text] United Nations, June 19 (XINHUA) — United Nations Secretary-General Javier Perez de Cuellar today appealed for more assistance to African refugees on the occasion of Africa refugee day, which falls tomorrow.

In his appeal, the U.N. chief spoke of the urgent need for increased international assistance to deal with the plight of the five million refugees on the African Continent. He noted that adequate funds are needed to increase the capacity of countries of asylum to receive, sustain and shelter refugees while lasting solutions for their future are being sought.

Perez de Cuellar said, "The drought-related emergency situation in Africa has abated, but the problems of recovery and development are no less urgent."

The United Nations program of action for African economic recovery and development 1986-1990, which was recently adopted at the 13th special session of the U.N. General Assembly, Perez de Cuellar said, called for "a new era of cooperation between Africa and the international community to ensure self-reliant, sustainable economic development."

U.S. SHOWS INTEREST IN SOVIET ARMS PROPOSAL

OW192356 Beijing XINHUA in English 2336 GMT 19 Jun 86

[Text] Washington, June 19 (XINHUA) -- The United States is showing more interest in the latest soviet arms control proposal which links U.S. adherence to the 1972 anti-ballistic missile treaty for reductions in strategic weapons.

Secretary of State George Shultz, in an interview Wednesday, told the ASSOCIATED PRESS that the proposal, tabled in Geneva last week and later outlined publicly by Soviet leader Mikhail Gorbachev, is "substantial" and "is being taken very seriously" by the Reagan administration.

By presenting the proposal to U.S. negotiators in Geneva instead of in a public forum, the Soviets "delivered it in the right place, to the right address," he said.

Meanwhile, White House officials were quoted by "THE WASHINGTON POST" today as saying the newest Soviet proposal "has merit" and is "not being taken as a propagandistic endeavor."

Observers noted these statements appear to be a sign the United States has noticed some flexibility in the Soviet proposal from previous ones.

The United States began to send positive overtures to the Soviet Union after a mixed reaction by Reagan administration officials to the Soviet proposal in recent days.

Earlier this week, however, Defense Secretary Caspar Weinberger rejected key points of the proposal, arguing it is "just another method to defining (U.S.) strategic defense out of existence."

President Ronald Reagan is scheduled to speak on arms control and U.S.-Soviet relations today in Glassboro, New Jersey, site of the 1967 meeting between U.S. Presient lyndon Johnson and Soviet Premier Aleksey Kosygin. The speech is to be "a signal of his positive approach to the superpower relationship and his readiness to engage in top-level dialogue," a White House official said.

SOVIET, U.S. EXPERTS STUDY FAR EAST SITUATION

OW170020 Beijing XINHUA in English 0002 GMT 17 Jun 86

[Text] Moscow, June 16 (XINHUA) -- Soviet and U.S. experts on the Far East and Southeastern Asia have held talks on the region in Washington, which was believed to have focused on a recent Soviet proposal concerning the areas, the Soviet news agency TASS said today. The talks, which were held from June 10 to 11 and without advance announcement, are the latest in a series of discussions on regional issue, in which the superpowers aim to clarify positions and prevent misunderstandings.

Details of the two-day meeting were not disclosed, but observers here believed experts of the two countries probably have discussed a Soviet proposal on long-term cooperation with states of the Asian and Pacific region, which was made public on April 23.

The Soviet proposal denounced "certain political circles" in the United States and Japan as viewing the Asian-Pacific region as one for confrontation between different states, and the proposals for a Pacific community" as aimed at future regional groupings and military blocs that would be in opposition to one another. It called for cooperation in trade, economic matters, science and culture among the Asian-Pacific countries. It said the Soviet Union, with vast natural resources in Siberian and the far eastern parts of the country, can be an important source of assistance for Asian-Pacific countries, which it said could cooperate with the Soviet Union in development.

The Soviet Union and the Unites Stated have held a series of talks on regional issues, including the Middle East and Africa.

EUROPEAN PARLIAMENT REJECTS NEW ARMS RACE STEPS

OW130800 Beijing XINHUA in English 0645 GMT 13 Jun 86

[Text] Paris, June 12 (XINHUA) -- The European Parliament Thursday urged the United States and the Soviet Union to respect the existing treaties on disarmament and stop the production and stockpiling of chemical weapons in Europe. By a resolution adopted by 137 votes to 105 with one abstention in Strasbourg, the European Parliament criticized the U.S. decision to redeploy B-52 strategic bombers and contruct a new type of nuclear submarine and the Soviet decision to develop two new strategic missiles.

It also denounced the American unilateral abandonment of the Salt II Treaty reached between the two superpowers in 1979 on the limitation of strategic arms. The parliament also rejected a U.S. plan to produce binary chemical weapons and deploy them in Europe and proposed the creation of a chemical weapons-free zone in central Europe. The resolution also appealed to the Soviet Union to stop its production of biological and chemical weapons and withdraw its stocks of the weapons in Democratic Germany, Czechoslovakia and Poland.

The parliament also proposed the following measures as a basis for an East-West disarmament discussion: reduction by 50 percent of the strategic nuclear arsenals, dismantling of intermediate-range nuclear weapons, prohibition of the production of chemical weapons in the world, and a balanced reduction of conventional forces.

WAN LI MEETS WORLD TOURNAMENT BRIDGE PLAYERS

OW151253 Beijing XINHUA in English 1201 GMT 15 Jun 86

[Excerpts] Beijing, June 15 (XINHUA) -- Chinese Vice Premier Wan Li met in the Great Hall of the People here Sunday participants at the on-going Epson world bridge championship Beijing region competition.

The Vice Premier, who is also honorary president of the Chinese Bridge Association, said that the competition will help to increase the friendship and understanding between the Chinese and foreign players and raise the standard of play in China. Wan expected the standard of Chinese bridge to catch up with world level. To realize this, chinese players have to make much more efforts in learning from others, he said.

U.S. WANTS EXISTING KOREAN FORUM USED FOR TALKS

OW200954 Beijing XINHUA in English 0940 GMT 20 Jun 86

["U.S. Not Interested in New Korean Proposal" -- XINHUA headline]

[Text] Washington, June 19 (XINHUA) -- The United States is not convinced it is constructive to have a new forum for talks after Korea proposed negotiations on ways to reduce tensions in that country, the state department spokesman Bernard Kalb said today.

The Democratic People's Republic of Korea (DPRK) sent letters June 17 to the command-in-chief of the United Nations Command in Panmunjom and to the South Korean minister of national defense, stating the DPRK wants to reduce tensions on the Korean peninsula. The DPRK proposes talks be held among the DPRK defense minister, the minister of national defense from South Korea and the commander-in-chief of the U.N. Command.

U.S. State Department spokesman Bernard Kalb said the United States "welcomes all efforts to reduce tensions on the Korean peninsula." He said the United States hope these letters are a sign that DPRK "shares this interest and will work toward that goal."

Noting the U.S. supports direct North-South dialogue, KALB stressed that the Military Armistice Commission is the forum charged with overseeing the armistice. The commission also represents all parties that were involved in hostilities during the Korean conflict.

Kalb said the U.S. is not convinced that it is constructive to propose a new forum "when a perfectly adequate mechanism to address reduction of tensions with all the necessary players has been in existence for more than 30 years." He said the U.S. urged the DPRK "to avail itself of these mechanisms and proposals for reducing tension."

The State Department spokesman said the U.S. would regard as a positive development any DPRK move to resume the dialogue it suspended with South Korea last January, and to address "seriously the important proposals on the table at Panmunjom."

COMMENTARY SUPPORTS DPRK TALKS PROPOSAL

SK200225 Beijing International Service in Korean 1100 GMT 19 Jun 86

[Commentary by station commentator "The Proposal Is Worthy of Welcome"]

[Text] On 17 June O Chin-u, minister of the People's Armed Forces of the DPRK, sent a letter to the commander of the UN Forces in South Korea and to the South Korean defense minister respectively. The letter proposed that talks of military authorities be held at Panmunjom or another place with participation of the North Korean side and the U.S. [miguk] and the South Korean side to realize conditions favorable to the peaceful reunification of Korea by taking measures for relaxing tension in the military field first.

The North Korean side's proposal for holding talks of military authorities from three sides [samchuk] is being put forward for the first time in the 41 years since Korea was divided. The proposal, aimed at eliminating the status of military confrontation on the Korean peninsula, is worthy of welcome and corresponds to the prevailing situation.

The main trend of the current generation in the 1980's is peace and development. Thus, voices calling for dialogue and prevention of confrontation have been raised higher with each passing day.

The dialogue between the North and the South sides of Korea began from the 1970's. The dialogue began with the Red Cross talks between the two sides and gradually developed into dialogue between strata from all walks of life. Some practical successes were attained in dialogue. All this has been supported by the people in North and South Korea and by international social circles.

With the beginning of the year, the developments on the Korean peninsula have aroused the uneasiness [pulan] of the people. This past February, the United States and the South Korean authorities suspended all manifold talks between North and South Korea, which had begun from 1984, by staging the large-scale joint military exercise in defiance of the repeated advise and warning of the North Korean side.

Moreover, the United States and the South Korean authorities raved that the next 2 or 3 years are the most dangerous time on the Korean peninsula. The United States and the South Korean authorities discussed a series of issues, including one concerning the strengthening of the joint operational system, at the U.S. - South Korean military committee meeting in early April and at the so-called Security Consultative Meeting.

After such events, the United States and the South Korean authorities staged joint military exercises many times. Under these circumstances, the talks of military authorities of the three sides are realized, such talks will undoubtedly play an active role in eliminating the strained situation created by the military confrontation on the Korean peninsula, in preventing military clashes, and in providing for the resumption of dialogue by relaxing tension.

The North Korean side shows that it wants to relax tension through practical acts many times. For example, in January of this year, the DPRK Foreign Ministry announced that the Korean Government decided to suspend large-scale military exercises in the areas of the northern half from 1 February and to suspend all military exercises during period when North-South dialogue is ongoing.

Moreover, the North Korean side stated many times that it had no intention of invading the South. In the proposal, the North Korean side noted that negotiations can be held concerning any measures that the United States and the South Korean authorities put forth if such measures are favorable to easing tension.

This again shows that the North Korean side is interested in relaxing tensions. We hope that the United States and the South Korean authorities will sincerely review the new proposal made by the North Korean side proceeding from a desire to pursue peace on the Korean peninsula and that they will actively respond to this proposal.

FURTHER REPORTAGE ON HU YAOBANG'S EUROPEAN VISIT

Press Conference With Mitterrand

OW191525 Beijing XINHUA in English 1507 GMT 19 Jun 86

[Text] Paris, June 19 (XINHUA) -- Visiting Chinese party leader Hu Yaobang today described his visit to France as a complete success.

At a press conference jointly held by him and French President Francois Mitterrand here today, Hu said, "I came here to enhance our mutual understanding, friendship and cooperation and to help maintain peace. I can tell everyone here that my visits to Britain, Federal Germany and France have reached the goals as expected."

During his stay in France, Hu said, "I held very sincere and friendly talks with the French president and prime minister. We have reached a broad concensus on major international issues and strengthened friendly cooperation between the two countries despite the existence of some differences between us because of historical and circumstantial reasons."

Hu expressed thanks to Mitterrand for his invitation and to Prime Minister Jacques Chirac and people from all circles for the warm welcome and hospitality accorded him.

He said, "The great French people are an industrious and intelligent nation. They have made admirable achievements through their long-term efforts." "I feel deeply that like the Chinese people, the French people love world peace, treasure their own national independence and are concerned about developments in other regions," he added. Hu expressed his deep conviction that the cooperation between the two countries will develop steadily for long.

More than one hundred journalists attended the press conference.

The Chinese leader is scheduled to leave Paris this afternoon for Rome for an official visit to Italy, the last leg of his 15-day West European tour which has already taken him to Britain and Federal Germany.

Comments on Sino-Soviet Relations

HK191604 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1521 GMT 19 Jun 86

[Text] Paris, 19 Jun (ZHONGGUO XINWEN SHE) -- At a press conference held jointly with President Francois Mitterrand here this afternoon, CPC General Secretary Hu Yaobang said: Sino-Soviet relations are developing fairly well in the economic field, but I can see no substantial progress in China's political relations with the Soviet union.

This remark was made by Hu Yaobang in reply to a question regarding Sino-Soviet relations.

Hu said: Both China and the Soviet Union have concluded a trade agreement which specifies that the volume of bilateral trade will reach $14 billion from 1986 to 1990, and may even exceed the figure. We estimate that the figure may reach $20 billion, that is, a yearly average of $4 billion.

Hu Yaobang disclosed that the Soviet Union recently agreed to grant preferential loans to China and to run joint ventures with China. Hu said that the prospects of Sino-Soviet relations are good in economic matters. But there is no substantial progress in the political field. It is difficult to predict how the situation will evolve.

Hu Yaobang said that China is willing to normalize its relations with all countries. According to our experience over the decades, we are determined to pursue an independent foreign policy for a long time and not to form an alliance with any big power. We believe that this policy will benefit the Chinese people as well as world peace.

When a reporter asked under what circumstances will China normalize its relations with Vietnam, Hu emphatically pointed out: With Soviet backing, Vietnam has occupied Kampuchea. This is a big obstacle to the normalization of Sino-Soviet relations.

Hu said: We have informed the Vietnamese authorities recently that so long as they are willing to withdraw their troops from Kampuchea and let Kampuchea solve their own problems and become an independent and non-aligned country, it would be possible for China and Vietnam to resume their traditional, friendly relations. However, the Vietnamese authorities have not shown any sincerity on the issue. For this reason, it would waste time and trouble world opinion to engage in Sino-Vietnamese discussions at present.

Views Nuclear Safety, Technology

HK200213 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1445 GMT 19 Jun 86

[Text] Paris, 19 Jun (ZHONGGUO XINWEN SHE) -- Answering a Hong Kong TA KUNG PAO reporter's question at noon today concerning Hong Kong people's anxiety over the safety of the Daya Bay nuclear power plant, CPC Central Committee General Secretary Hu Yaobang said: As a modern technology, nuclear power plants should not be blindly opposed; however, as this is also a dangerous technology, it is essential to be especially careful and cautious in specific work.

Hu Yaobang said: The technical accident at the Chernobyl nuclear power plant in the Soviet Union has greatly shaken the whole world. The Hong Kong people's anxieties over the planned Daya Bay nuclear power plant are therefore understandable. He said: I have not done any study of specific technical questions regarding nuclear power plants, but as I see it, there are two specific views: 1) This is a modern technology which should not be blindly opposed; 2) this is a dangerous technology, and it is therefore essential to be especially careful and cautious in specific work.

He said: China depends mainly on coal for its energy. As far as quantity is concerned, we are only regarding nuclear power as a very small supplement. This has definite advantages for us in developing and mastering modern science and technology. The central authorities and the State Council have made many studies of the nuclear power plant issue. Their unanimous view is that there must be measures for ensuring safety.

Urges Nuclear Disarmament

OW191817 Beijing XINHUA in English 1810 GMT 19 Jun 86

[Text] Paris, June 19 (XINHUA) -- Visiting Chinese party leader Hu Yaobang today reiterated that China has consistently stood for a total ban and thorough destruction of nuclear weapons, and the two superpowers should take the lead in dismantling nuclear arms.

Speaking at a press conference jointly held by Hu and French President Francois Mitterrand today, the Chinese Party general secretary said that it is natural for the Chinese people to respect the appeal of other regions in the world wanting nuclear free zones.

Hu also stressed that since the two superpowers are carrying on a nuclear arms race, it is necessary for other nuclear nations to possess a limited nuclear force for self-defence.

French President Mitterrand said France could not reduce its own nuclear force unless the big powers make remarkable progress in disarmament.

On PRC Reformers, Conservatives

HK200224 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1503 GMT 19 Jun 86

[Text] Paris, 19 Jun (ZHONGGUO XINWEN SHE) -- At this joint press conference with Mitterrand in the Elysee Palace at noon today, Hu Yaobang said that the Chinese leadership stratum has unanimous views on the current main policy principles, and there is no so-called question of the existence of reformers and conservatives in China, as is rumored outside the country.

Hu Yaobang was answering a French reporter's question on his view of the current "condominium" of president and premier in France.

Hu Yaobang said: I am visiting France at the invitation of President Mitterrand. We have mainly discussed major international issues of common concern to our two countries and the question of how to further strengthen the relations of friendship and cooperation between us. I have not required about France's internal affairs, nor have we discussed them, nor do I have any right to give my views on them.

On China's internal affairs, Hu Yaobang said, I want to tell all my friends that sometimes there are indeed differences of opinion when the formulation of major guidelines is being debated. This is normal. As a result of extensive study and discussion, everyone's views on the decision finally reached are unanimous. There is no question of the existence of reformers and conservatives in China, as is rumored outside the country.

Answering a question from a French TV-1 reporter on why the CPC has proposed that unity should be maintained with the central authorities, he said: The CPC has only told its party members that they should maintain political unity with the central authorities. I believe that this is a disciplinary regulation for all political parties in the world regarding inner-parts life. He said: Intellectuals outside the party, China's scientists and technicians, have the opportunity to fully display their talent; and China's writers and artists have a vast world for their creations.

Mitterrand on Relations With PRC

OW200550 Beijing XINHUA in English 0531 GMT 20 Jun 86

[Text] Paris, June 19 (XINHUA) -- President Francois Mitterrand spoke at length about French-Chinese relations and international problems during the press conference he and visiting Chinese Communist Party Secretary General Hu Yaobang gave today. On bilateral relations, Mitterrand said, "Relations between France and China have developed very clearly during the past few years. Commercial exchanges between the two countries have increased 40 percent.

Mitterrand said, "We tried to circumscribe one another's needs. We French need to enter in this vast market where we are not yet the best placed." "On the Chinese side," he said, "there is hope that France will increase its contribution in other areas such as means of credit, technology transfers. I believe that this visit will now mark the acceleration of our relations. I remain optimistic, and there is no reason not to be."

"Because of our different geographical situation, and that which characterizes our internal politics, our points of view on international problems were inevitably different, but our general conception, we have been able to establish, was most often the same, and in every case converging."

On disarmament, the French president said, "France and China both seek to avoid that all world problems are considered from only one angle, that of East-West relations. We would be very desirous of participating in an arms limitation, of course, it would not be possible to examine this problem until the two great military powers will have accomplished obvious progress in their disarmament. I think that all steps in favor of disarmament must be undertaken, if possible, begun in a positive way before going on to other areas. France believes that the ABM Treaty must be respected by both parties, if one truly adheres to the treaty, then one can begin to discuss a veritable disarmament accord."

On nuclear testing, he said, "France has always said that it would be forced to continue this type of armament and the indispensable tests as long as there's not a similar movement (ban on nuclear testing) in the world powers."

Addresses French Communists

OW191548 Beijing XINHUA in English 1518 GMT 19 Jun 86

[Text] Paris, June 19 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang said here today that only by combining the fundamental tenets of Marxism with the concrete conditions of its country and make new explorations can a Communist Party maintain vitality and grow in strength.

Delivering a brief speech to over 100 party functionaries at the headquarters of the French Communist Party, Hu said, "In the past seven or eight years, we have made comparatively big achievements in exploring the road to build socialism with Chinese characteristics and I am convinced that our cause is hopeful."

Hu noted that China has suffered setbacks and socialism is still in the process of making. "How to advance towards socialism? We do not have a set model to follow nor can we find a ready answer in some books," he said.

General Secretary Hu said he thanked the French Communist Party for its efforts in developing the friendship and cooperation between the two parties. He said the French Communist Party is a party with a glorious tradition. "We Chinese Communists have always followed with a feeling of respect the cause of the French Communists and we sincerely hope that the Communist Party of France will expand and grow in strength," he said.

In his brief speech, George Marchais, general secretary of the French Communist Party said that it was the first time for the French Communist Party to welcome, at its headquarters, the General Secretary of the Chinese Communist Party.

Marchais said the French Communist Party stands for solidarity among the communist parties and workers' parties in the world and stand for each party pursuing an independent policy. "We are confronted with common important tasks. We should join hands in doing many things such as maintaining world peace and supporting the under-developed countries and peoples," Marchais said. He noted that the relations between the two parties are excellent and that both sides have pledged to do their utmost to develop their relations.

Prior to their brief speeches, Hu and Marchais discussed issues of common interest in a friendly and cordial atmosphere, according to a spokesman of the International Liaison Department of the Chinese Communist Party Central Committee.

The spokesman said that they were satisfied with the growth of the relations between the two parties in the past few years and that they were pleased to see the constant development of the friendly relations between the two countries. He said both sides agreed that the strengthening of the relations between the two parties are conducive to the promotion of friendship between the two peoples and of cooperation between the two countries.

Meets Overseas Chinese

OW200233 Beijing XINHUA Domestic Service in Chinese 0714 GMT 19 Jun 86

[By reporter Lu Mingzhu]

[Text] Paris, 18 Jun (XINHUA) -- Visiting CPC Central Committee General Secretary Hu Yaobang met this evening at the Chinese Embassy in France with representatives of Overseas Chinese, ethnic Chinese, Chinese students studying here, and personnel from the embassy and from other Chinese Missions in France.

When Hu Yaobang, accompanied by Chinese Ambassador to France Cao Keqiang, arrived at the reception hall, some 170 representatives waiting there welcomed General Secretary Hu with warm applause. Hu Yaobang waved his hand and greeted them cordially.

Later on, Hu and the representatives had a group photo taken to mark the occasion. While the picture was being taken, Hu said to the representatives of Overseas and ethnic Chinese: "You are welcome to take a look back home." "You may speak out on whatever your opinions and requests are."

When shaking hands with the 80-year-old nuclear physicist Cai Boling, son of Cai Yuanpei, Hu Yaobang sincerely wished him a long life. Mr. Dai Wanjun, an Overseas Chinese painter and sculptor, presented Hu with a stone carving inscribed with four characters meaning "longevity". Two female students, on behalf of the Chinese Student Association in France, presented Hu with a scroll enscribed with "To Dedicate Oneself to the Service of One's Country," which illustrated their determination to study for the motherland. Hu Yaobang said joyfully: "Let's all dedicate ourselves to the service of our country." Vice Premier Li Peng, who was also at the meeting, said: "Study hard, and then you can serve the country." Some students asked for Hu Yaobang's autograph.

Fei Xiaotong, vice chairman of the CPCC National Committee and others were also at the meeting. Hu Yaobang came to the embassy to meet them after his visit to Lyon.

Ends Visit to France 19 Jun

OW191832 Beijing XINHUA in English 1812 GMT 19 Jun 86

[Text] Paris, June 19 (XINHUA) -- Chinese Communist Party leader Hu Yaobang, after winding up his visit to France, left here this afternoon for Italy, where he will pay an official visit during his 4-day stay in France, Hu was warmly received by French leaders.

Seeing General Secretary Hu off at the airport were Christian Bergelin, French secretary of state for youth and sport, and other senior officials. Chinese ambassabor to France Cao Keqiang was also present at the airport.

Prior to a press conference earlier today, Chinese Vice-Premier Li Peng had a friendly meeting with Jean-Bernard Raimond, French minister for foreign affairs and they exchanged views on international issues of common concern. After that, Li Peng toured the Par da la Villete, a city of science.

Recap of Visit to France

OW191756 Beijing XINHUA in English 1732 GMT 19 Jun 86

["Roundup" Hu Says His Visit to France Successful" -- XINHUA headline]

[Text] Paris, 19 (XINHUA) -- Visiting Chinese Communist leader Hu Yaobang said today that he and French laders have reached a broad consensus on major international issues and bilateral cooperation and his visit to France is a complete success.

At a press conference jointly held by him and French President Francois Mitterrand here today, General Secretary Hu, who is currently on a 16-day European tour, said his visits have reached their desired goals.

Hu, who came here at the invitation of Mitterrand after visiting Britain and Federal Germany, was leaving for Italy this afternoon. He has spelt out the objective of the tour as contributing to peace and promoting mutual friendship, understanding and cooperation.

Hu said, "I held very sincere and friendly talks with the French president and prime minister. We have reached a broad consensus on major international issues and friendly cooperation between the two countries despite the existence of some differences between us because of historical and circumstantial reasons."

During the four-day stay here, Hu called for a strong and united Europe in preventing war, for North-South cooperation and for future bilateral relations between China and France. A united and strong Europe can have an "immeasurably active part to play in restraining war and preserving peace, just as a revitalized China, which pursues its own independent foreign policy for peace, will do," Hu said.

At a dinner held by Mitterrand in his honor on Monday, Hu dismissed the pessimistic views about the role and future of Europe, saying that "there must be an even more brilliant future for Europe on top of its brilliant past."

Hu also urged North-South dialogue and warned that "without the economic growth of the developing countries, the developed nations would be in a difficult position in respect of their raw material availability and markets for both good and capital."

The tour of General Secretary Hu is part of the visit exchanges between the top leaders of China and France in recent years. Premier Zhao Zhiyang also visited France in June 1984, following the visit to China by President Mitterrand.

In the past few years, the economic relations between the two countries have developed rapidly, particularly in the fields of energy exploration, transportation and nuclear power plant construction. The bilateral trade volume reached 332 million U.S. dollars, 38 percent more than last year.

Hu told his hosts that he is satisfied with the increased high-level dialogues and political consultations as well as the growing economic cooperation between the two countries. But "there is still potential to tap to further the relations between our two countries," he said.

Hu said that China and France both have long histories and brilliant cultures, treasure their national independence, pursue independent foreign policies of peace, commit to maintaining peace, and respect each other as equals.

These common points, coupled by their mutually complementary economies, have provided the two countries with a solid base for "sound cooperation in all fields," he said.

Echoing Hu's remarks, Mitterrand told Hu during their talks that he was pleased to see the identical positions of France and China on world peace, disarmament and other matters. "The two countries find they have extensive similarities or convergent views on the order of the world. All this has led to the existing bilateral solid links and strengthen their desire to better understand each other, listen to each other and work toegther," he said.

Earlier today, Hu met with French Communist Party (FCP) General Secretary Georges Marchais at the FCP headquarters and they believed that the relations between the two parties are conducive to the friendship and cooperation between the two countries. Hu told Marchais that the Chinese Communists wishes sincerely for the growth of the French Communist Party and he thanked the FCP contributions to the maintenance of friendship between the two parties and two peoples.

Through the setbacks it suffered, the Chinese Communist Party has understood that socialism is still in practice, Hu said. There is no stereotyped model nor ready answer as to how to realize socialism. In recent seven or eight years, the Chinese Communist Party has made fairly great advance in search of a road of building China into a socialist country with its own characteristics and "I am sure that our cause will succeed," he said.

On Wednesday, Hu travelled on TGV, the French high-speed train, to the south-eastern city of Lyon where he visited an advanced subway system and Orlac company, France's biggest diary-food processor.

Franco-Chinese Ties Viewed

PM191601 Paris LE FIGARO in French 16 Jun 86 p 3

[Antoine Keomanivong dispatch "CPC Leader in Paris"]

[Text] Beijing — "As party general secretary, he is already the country's strongman." This is what official circles in Beijing say when questioned on the political future of Hu Yaobang, who is at present touring Western Europe to "make himself more well known on the one hand and to try to expand bilateral cooperation on the other."

In welcoming Hu Yaobang to the Elysee today, the president of the republic is therefore receiving the man who is virtually number one in the most heavily populated country in the world, although the man concerned recently announced in London his intention to withdraw from the front of the stage to leave room for younger people.

Meanwhile, now that 81-year-old Deng Xiaoping is playing a less and less direct role in party and state affairs because of his age, it is 71-year-old Hu Yaobang who is destined to become China's real master. He will probably be confirmed in office at the 13th party congress scheduled to take place in early 1987, unless somebody plays the same trick on him Deng played on Hua Guofeng in 1979.

"Problem-free Relations"

At all events there should be no change in the Chinese leadership between now and the congress, I was assured at the Foreign Ministry in Beijing where Ma Yuzhen, director of the Information Department, expressed satisfaction at the "problem-free relations between France and China." He referred to the visits exchanged by the two countries' leaders since President Pompidou's visit in 1973 and, inevitably, paid tribute to General de Gaulle for having been the first in the West to pave the way for normalizing relations with China.

"Our two countries have similar, if not identical viewpoints on the major problems in the world, especially on peace, disarmament, North-South dialogue, and regional conflicts in Afghanistan and Cambodia," Ma Yuzhen stressed and he regretted only one thing: the trade imbalance at his country's expense.

Indeed, since last year Franco-Chinese trade has increased greatly, and French exports have increased by 160 percent over 1984. The volume of major contracts which France signed with China in 1985 amounted to some Fr5 billion (150 Alsthom locomotives, 3 Airbus aircraft, and 100,000 Alcatel telephone lines).

The value of contracts signed by Paris and Beijing this year is expected to double. The one relating to the Daya Bay nuclear power station near Canton accounts for Fr6 billion, not to mention a new order for two Airbus aircraft by the Civil Aviation General Administration and projects for the construction of thermal power station and one for an aluminum plant...

"We are aware of the reliability of French technology, but do not forget that ours is a backward and poor country. What is needed is for the European countries to help us train our engineers and technicians and allow us to benefit from their advanced technology," all the Chinese economic officials I met in Beijing or in the provinces stated. They also want the Western countries to invest more in their country.

In the Shezhen Special Economic Zone, facing Hong Kong, a greater French presence is desired. "While American and Japanese capital is pouring in," a Chinese businessmen told me, "France is only just walking up and sending exploratory missions."

Marxism and Pekin Duck

"We need to renovate our factories, install modern equipment, and give the appropriate training to our employees and workers," the Chinese officials admit, hoping to find in Europe "good partners to avoid excessive dependence on the powerful United States and Japan."

Hu Yaobang is certain to discuss all these problems with the French leaders and also to reassure them about China's intention to pursue its open door and modernization policy. The CPC general secretary is a realist and should not overemphasize "the vastness of the Chinese market." He knows his country's limitations, which have been reflected by repeated adjustments in many spheres over the past few years.

When receiving representatives of the Communist Party of Great Britain in Beijing recently, he humbly admitted that his compatriots could not reach the current living standard of the industrialized countries' populations for several decades. This is a long march which requires internal stability and complete peace on its borders.

Beijing is making every effort to guarantee this peace and is toning down its conflicts with Vietnam and the USSR. "Our exchanges with that country have constantly increased since 1982," according to Foreign Ministry official Ma Yuzhen.

He confirmed that the two countries' foreign ministers did not rule out the possibility of exchanging visits. "The dates still have to be fixed," he said, recalling that Wu Xueqian and Mr Shevardnazde had exchanged invitations at the last UN General Assembly session in New York.

"Our line of conduct is now clear, with regard to the USSR or any other country: To seek above all what is profitable to the two sides," a Beijing journalist said, and he was not at all shocked when I remarked to him that for several years the Chinese have spoken constantly about "profit" and that they seem to sacrifice some of the ideology to that. "We do not feed exclusively on Marxism-Leninism or Maoism, but also on Pekin duck from time to time," he retorted. Deng Xiaoping's pragmatism is decidedly catching on in this country.

Italian Communist Welcomes Visit

OW181644 Beijing XINHUA in English 1516 GMT 18 Jun 86

[Text] Rome, June 18 (XINHUA) -- "The Italian people and the Italian Communist Party are looking forward to the visit here by Comrade Hu Yaobang," said Antonio Rubbi, a leading member of the Italian Communist Party, in an interview with XINHUA here today.

Chinese Communist Party General Secretary Hu Yaobang's return visit, to be made at the invitation of General Secretary Alessandro Natta of the Italian Communist Party, "will make us, the Italian communists, exceedingly happy" and "fall in accord with the behest of Enrico Berlinguer, the last leader of the Italian Communist Party," Rubbi said.

"We believe that the visit will give an energetic impetus to the friendly, cooperative relationship between Italy and the People's Republic of China and between the communist parties of the two countries," Rubbi said.

He added that although "there had been a difficult period in relations between our two parties, today we may say that the relations are good, very good, since the two parties share similar aspirations, that is, maintenance of peace, detente, disarmament, peaceful coexistence and development for all countries." Above all, Rubbi said, this was because "we have from the very start based these relations on the principles of independence for each party, mutual respect and friendly cooperation."

Hu is scheduled to arrive here tomorrow to begin a four-day visit, the last lap of his current four-nation West Europe tour.

Welcomed by Italy's Craxi

OW191812 Beijing XINHUA in English 1800 GMT 18 Jun 86

[Text] Rome, June 19 (XINHUA) — Chinese Communist Party General Secretary Hu Yaobang today received a warm welcome by Prime Minister Bettino Craxi as he flew in Rome's Ciampino airdrome from Paris by a special plane to start a four-day official visit to Italy at Craxi's invitation. Italy is on the last leg of Hu's 16-day West European tour which has already taken him to Britain, Federal Germany and France.

A full red-carpet welcoming ceremony was rendered, with a military band playing the national anthems of China and Italy. Hu reviewed a guard of honour in Prime Minister Craxi's company.

Vice Premier Li Peng, vice chairman of the National Committee of the Chinese People's Political Consultative Conference Fei Xiaotong and other Chinese officials accompanying Hu on his tour also arrived here by the same plane.

In a written statement released at the airdrome, Hu said he was very pleased to come here to pay a visit to Italy at Prime Minister Craxi's kind invitation. He would also pay a return visit to the Italian Communist Party at General Secretary Alessandro Natta's invitation, he added.

The Chinese leader praised Italy for its significant contributions to the cultural treasury of mankind and its increasingly important role in pushing forward the world's progress of science and technology and in preserving peace and stability in Europe and the Mediterranean.

He expressed his satisfaction with the steady and smooth development of friendly cooperation between China and Italy since their diplomatic relations were established in 1970. He told Prime Minister Craxi that his visit was intended to "deepen our mutual understanding and friendship, to further our cooperation and to work together with you for peace."

Among those greeting Hu at Ciampino airdrome were Chinese Ambassador to Italy Du Gong and representatives of the Chinese communities and Chinese students in this country.

The Chinese party leader will hold talks with Prime Minister Craxi this evening before attending a dinner given in his honor by Craxi at Madama Palace.

Holds Talks With Craxi

OW200030 Beijing XINHUA in English 0021 GMT 20 Jun 86

[Text] Rome, June 19 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang held private talks with Italian Prime Minister Bettino Craxi this afternoon shortly after his arrival from Paris for an official visit to Italy.

A spokesman for the Chinese Foreign Ministry told reporters that after their private meeting, the two leaders were joined by their senior aides in the talks. He said Hu and Craxi had an all-round exchange of views on the further development of the friendly relations and cooperation between the two countries and on some major international issues. The spokesman said both sides were satisfied with the growth of friendly relations between the two countries.

According to the spokesman, Craxi said Italy is willing to strengthen its cooperation with China in the political, economic, technical and other fields. Hu Yaobang said he hoped that Sino-Italian cooperation would grow on the basis of long-term stability. Chinese Vice-Premier Li Peng and Italian Foreign Minister Giulio Andreotti were present at the talks.

Craxi Hosts Banquet for Hu

OW200637 Beijing XINHUA in English 0620 GMT 20 Jun 86

[Text] Rome, June 19 (XINHUA) — Italian Prime Minister Bettino Craxi and Chinese Communist Party general Secretary Hu Yaobang agreed that bilateral relations have developed steadily and have broad prospects for growth.

Hu, attending a banquet in his honor, said there are broad prospects for Sino-Italian relations based on the principles of mutual respect, equality and mutual benefit. Hu recalled the long history of Sino-Italian contacts, which dates to the ancient "silk road," and the all-round development of cooperation in recent years.

The Chinese leader praised Italy for its open-minded approach on technology transfers, its positive attitude in providing loans and grants, and in setting up joint ventures. "All this is farsighted and conducive to promoting common development," Hu said. He stressed that there is no conflict of fundamental interests between China and Italy. Hu said that the existing amicable Sino-Italian relationship is bound to be developed further on a lasting and stable basis.

Craxi said Italy and China have constantly increased their contacts. "Leaders of the two countries have exchanged visits and people from the economic, cultural, and scientific and technical circles of the two countries have also met frequently," Craxi said. He pointed out that the 1985 volume of bilateral trade increased by 100 percent, as compared with that of 1984. The Italian prime minister said the two countries have the same views on major international issues, particularly concerning peace, stability and security.

Hu arrived in Rome today from Paris for a five-day visit to Italy. Italy is the last leg of his West European tour, which has taken him to Britain, Federal Germany and France. Chinese Vice Premier Li Peng and Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference Fei Xiaotong also attended the banquet.

Says World Peace 'Indivisible'

OW200124 Beijing XINHUA in English 0114 GMT 20 Jun 86

[Text] Rome, June 19 (XINHUA) -- World Peace is indivisible while security of all nations is closely inter-related, Hu Yaobang, Chinese Communist Party general secretary, said tonight at a dinner hosted by Prime Minister Bettino Craxi.

Hu said China is concerned with peace and security in Asia and the Pacific region, but at the same time it is concerned with peace and security in Europe and the Mediterranean because they are vital to world peace.

China, Hu noted, appreciates all the positive efforts Italy has made in defending its sovereignty and preserving peace and stability in Europe and the Mediterranean, in helping with the peace process in the Middle East and the improvement of East-West and South-North relations.

In the final analysis, Hu stressed, a lasting world peace can be secured only with all nations working together. When it comes to those vital issues such as peace and development, all countries should have a say on the basis of equality no matter whether they are big or small, rich or poor, strong or weak.

World affairs, said the Chinese leader, should not be left at the mercy of the superpowers. Now that more and more nations are determined to grasp their destiny in their own hands and engaged in active moves to curb aggression and prevent war, the cause of working for a lasting peace in the world is full of hope, he concluded.

Craxi Speaks at Dinner

OW200656 Beijing XINHUA in English 0603 GMT 20 Jun 86

[Text] Rome, June 19 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang's visit to major European countries shows the importance of consultation between the European community and China, said Italian Prime minister Bettino Craxi at a dinner he hosted tonight at Villa de Madma in honour of the visiting Chinese leader.

Craxi said Italy is pleased to see the steady and smooth growth in Italian-Chinese contacts which shows that both sides are interested in a qualitative leap in their relations. There is no dispute between Italy and China on major international issues, especially those which concern peace, stability and security, but an encouraging convergence of their commitments, attention and points of view, stressed the prime minister.

He described China as "an important factor of great wisdom and moderation" which plays an active role in reinforcing cooperation and an international scene fraught with tension and crises.

Just as China, Italy is seeking every favourable elements to create an atmosphere for more confidence among countries and broader international economic cooperation, said the prime minister. This is because, he added, that world peace is closely linked with the balanced development and a fairer distribution of wealth. The broad convergence beween Italy and China is therefore gratifying in this complex and troublesome international circumstances, said Craxi.

"We," he said, "have made very significant steps forward since the diplomatic relations between our two countries were established 15 years ago." He called for moves aimed at improving the institutions in all fields between the two countries, including management of investment, personnel movement, trade and technological exchange, to take full advantage of the great potentials and resources.

Consul Treaty Signed

OW191848 Beijing XINHUA in English 1844 GMT 19 Jun 86

[Text] Rome, June 19 (XINHUA) — China and Italy today signed a treaty on the establishment of consulates to promote friendship and cooperation. The treaty, signed by Chinese Vice Foreign Minister Zhou Nan and Italian Foreign Minister Giulo Andreotti at Madama Palace will come into effect the 30th day after the exchange of instruments of ratification.

Also present at the signing ceremony were Chinese Vice-Premier Li Peng, Chinese Ambassador to Italy Du Gong and officials from the Italian Ministry of Foreign Affairs.

FRENCH BANK SEEKS GREATER TIES WITH PRC

HK200635 Beijing CHINA DAILY in English 20 Jun 86 p 2

[By staff reporter Zhen Fan]

[Text] Shanghai — France's Societe Generale, one of the three leading national banks in France and the 11th biggest bank in the world, is seeking closer economic ties with China.

China is playing an ever increasing role in world affairs while heading rapidly towards its goal of modernization, Marcel Cassou, director in charge of the Asian and Pacific region, told CHINA DAILY at a seminar here yesterday afternoon.

"I foresee greater prospects for building further economic relations with the People's Republic of China," Cassou said.

The three-day seminar, which began yesterday and is the first ever held by Societe Generale in China, is being held to discuss project financing, export credit, finance credit, European bonds and leasing.

Local bankers, business executives and department officials are attending the seminar.

The bank's Shanghai representative office announced that Jacques Mayoux, chairman of the bank, would be visiting China in the coming week at the invitation of Chen Muhua, president of the People's Bank of China.

After opening a Guangzhou office in 1980, Societ Generale set up its Beijing office in 1981 and Shanghai office in 1983. Its Shenzhen branch was opened in March this year.

ASSOCIATION DENOUNCES SOUTH AFRICAN ACTS

OW181344 Beijing XINHUA in English 1332 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- The Association for International Understanding of China issued a statement here today strongly denouncing the fascist acts of the South African racist regime. The statement said that the horrifying Soweto massacre created by the apartheid regime ten years ago has not intimidated the South African people, but instead, has further educated them. In the past ten years, and the last two years in particular, the South African people's just struggle against racial discrimination and inequality has been extensively increasing and deepening. The South African regime has been thrown into an unprecedented tight corner.

In the face of the mammoth people's struggle at home and strong condemnation from the world community, the statement noted, the South African regime has conducted repeated barbarous raids against its neighbouring nations, imposed a state of emergency at home and arrested many innocent people. All these moves have further exposed the cruelty and weakness of the South African regime. The statement added that the Chinese people will continue as they have done in the past to support the just struggle of the South African people. "It is our belief that so long as the South African people close their ranks and persist in their struggle, they are bound to win final victory," the statement said.

STATE OF EMERGENCY IN SOUTH AFRICA CRITICIZED

HK180651 Beijing RENMIN RIBAO in Chinese 17 Jun 86 p 6

["Jottings" by Chen Feng: "A Mantis Trying to Stop a Chariot"]

[Text] The rule over the broad masses of black people by the South African authorities headed by Botha is no less cruel than the despotic rule of the old fascist leader Hitler. Not long ago, black people in South Africa planned to commemorate the 10th anniversary of the "Soweto Massacre." The Botha regime felt perplexed and uneasy because of this and hurriedly declared a "state of emergency." By doing so, it has conferred on itself special power to kill and arrest people arbitrarily, and it can ban the press from publishing any factual reports, on its bloody crimes.

Some 1,000 people were arrested on the first day the state of emergency was declared. It was so overwhelmingly arrogant, as if the tens of thousands of black people and other colored people who are resisting the apartheid policy could be intimidated. However, the facts over these past few days have proved that the escalation of the armed suppression can only evoke stronger resistance. A lot of white people in South Africa stand by the side of the black people because they know that there is no way out for the apartheid policy. The perverse actions of the South African authorities have made them unprecedentedly isolated in the world. The UN Security Council unanimously condemned the latest atrocity of the Botha regime. This has rarely happened in the United Nations. There is a more powerful worldwide demand for all-round sanctions against South Africa.

In history, all regimes which resort to power to suppress the people are weak. Therefore, they will not last long. The Botha regime is no exception. The brutal racism has long been thrown into the rubbish heap by the people of the world.

However, Botha and his like are obstinately clinging to this rubbish heap, trying to block the turning of the wheel of the times. Is this no different from a mantis trying to stop a chariot? The struggle of cornered beasts is their last desperate struggle.

IRAQI SOCIALIST PARTY LEADER BEGINS VISIT

Meets Wang Zhaoguo

OW171451 Beijing XINHUA in English 1423 GMT 17 Jun 86

[Text] Beijing, June 17 (XINHUA) -- Wang Zhaoguo, member of the Secretariat of the Chinese Communist Party (CPC) Central Committee, and Samir Muhammad 'Abd al-Wahhab, member of the regional leadership of the Arab Ba'th Socialist Party in Iraq (IABSP) and advisor to Iraqi president, held talks here today. Samir is leading a delegation from the Iraqi party on a visit to China. Samir said the Iraqi party attaches great importance to its friendly relations with the CPC.

Wang said that the CPC is satisfied with the smooth growth of relations between the two parties, which has given an impetus to friendly cooperation in various fields between the two countries.

Speaking of international situation, Samir said that Iraq holds that Arab countries should unite to solve problems in the Arab region and support the just cause of the Palestinian people. Samir said Iraq is opposed to the aggression by imperialism against Libya and holds that security and peace in the Gulf region is conducive to the security and peace in Iraq. Iraq opposes terrorism, a threat to world peace, and differentiates it from struggle for national liberation, he said.

Wang spoke highly of the independent, anti-imperialist, anti-colonialist, neutral and non-aligned policy Iraq pursues and Iraq's positive efforts to realize the unity among Arab countries and Palestinians.

The guests arrived here yesterday at the invitation of the CPC. They laid a wreath to the monument to the People's Heroes here this morning and paid respect to the remains of late Chairman Mao Zedong.

Feted by Fang Yi

OW181326 Beijing XINHUA in English 1225 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- Fang Yi, member of the Political Bureau of the Chinese Communist Party Central Committee, met and feted a delegation from the Arab Ba'th Socialist Party in Iraq (IABSP) led by Samir Muhammad 'Abd al-Wahhab, member of the regional leadership of the IABSP and advisor to Iraqi president, here today. Fang Yi, who is also a state councillor, said that peoples of China and Iraq enjoy deep fraternal friendship. He hoped that friendly relations between the two peoples and the two parties would develop continuously.

Samir described the relations between the two parties as being "harmonious", saying that both are struggling for safeguarding world peace. He foresaw a closer relationship between the IABSP and the Chinese Communist Party.

ZAMBIAN PARTY LEADER ON COOPERATION WITH PRC

OW182354 Beijing XINHUA in English 2335 GMT 18 Jun 86

[Text] Lusaka, June 18 (XINHUA) -- Secretary General of the Zambian ruling party Grey Zulu said here today that there has existed close cooperation between Zambia and China for many years.

Receiving Chinese Ambassador to Zambia Gu Jiaji, Zulu said the Zambian United National Independence Party (UNIP) and the Chinese Communist Party share common stand on various international issues. The forthcoming visit to China by a UNIP delegation at the end of this month will benefit the UNIP from rich experiences of the Chinese Communist Party, he added.

Zulu added the UNIP is still in strength and it conducts propaganda among the Zambian masses and leads them to overcome serious economic difficulties the country is confronting today.

On situation in southern Africa, Zulu noted that South Africa regards Zambia, which fully supports the liberation struggle in the region, as its enemy and it might attack Zambia again.

HUANG HUA MEETS CONGO INFORMATION AGENCY CHIEF

OW170935 Beijing XINHUA in English 0935 GMT 17 Jun 86

[Text] Beijing, June 17 (XINHUA) --Huang Hua, vice-chairman of China's National People's Congress Standing Committee, met Matongo Avefey, director-general of the Congolese Information Agency, here today. Huang briefed the visitor on the development of China's socialist economic construction over the past 36 years. Avefey arrived in Beijing June 13 as the guest of the XINHUA news agency.

CPC GROUP ARRIVES FOR TUNISIAN PARTY CONGRESS

OW180600 Beijing XINHUA in English 0547 GMT 18 Jun 86

[Text] Tunis, June 17 (XINHUA) -- A Communist Party of China (CPC) delegation led by Zhou Jie, deputy-director of the General Office of the CPC Central Committee, arrived in Tunisia's capital today to participate in the 12th Congress of the Tunisian Socialist Destour Party (SDP) from June 19 to 21.

Zhou indicated China is pleased the SDP has been devoting attention to the friendly ties between the two parties and the people.

Zhou praised President Habib Bourguiba's contributions to the National Liberation Movement, development of the Tunisian economy, improvement of living standards and reinforcement of the solidarity among inter-Arab and African countries. Zhou said that the two countries will continue to exchange visits between officials in a bid to develop relations.

PRC JOURNAL ON U.S. SUPPORT FOR UNITA

HK130940 Beijing SHIJIE ZHISHI in Chinese No 9, 1 May 86 p 12

[Article by Yu Da: "New U.S. Moves in Angola"]

[Text] The recent new U.S. moves in Angola have reflected the changes in U.S. policy toward southern Africa and the aggravation of the U.S.-Soviet competition over this region, which has roused the restlessness of world opinion.

First, the United States repealed in last July, the 1976 Clark amendment on banning any American assistance for the National Union for the Total Independence of Angola (UNITA,) which has been fighting Angola's government. According to THE WASHINGTON POST, the U.S. Government has already notified the Congress of providing UNITA with aid consisting of $15 millon worth of weaponry. On 29 January, Jonas Savimbi, head of UNITA, visited the United States at the invitation of the White House. President Reagan met him, and Savimbi was given a "red carpet" reception. The United States has broken the usual practice of providing aid in outmoded weaponry, and sent Savimbi in secret, the advanced U.S. Chaparral surface-to-air weapon system and the TOW antitank missiles, as disclosed by THE WASHINGTON POST not long ago. According to Shultz, Soviet military advisors and 30,000 Cuban troops are stationed in Angola, and the Popular Movement for the Liberation of Angola (M.P.L.A.) in power possesses interceptor planes and other weaponry provided by the USSR. U.S. aid provided Savimbi aim to ensure his "subsistence capability" under the strong Soviet and Cuban pressure.

What is worrying is that the current U.S. practice will lead to an escalation of armed conflict in Angola, and that new complicated factors are added to the turbulent situation in southern Africa. It can only be speculated whether the United States is getting tough in its southern Africa policy, and what the reaction of the Soviet Union and Cuba will be, which support M.P.L.A., the party in power in Angola.

For years, Angola has been closely related with the independence of Namibia, it has thus become a hot spot in the conflicts in Southern Africa as well as in the U.S.-Soviet competition. The United States has all along stood on the side of South Africa, in order to repel Soviet and Cuban influence in this region, and advocated that the independence of Namibia must be linked with the withdrawal of Cuban troops from Angola. During Carter's administration, the United States believed that the UNITA was not strong enough, and it was doubtful whether it would become an overwhelming force in Angola; therefore, U.S. aid provided for UNITA was secret and limited, mainly carried out through the indirect maneuvering of South Africa. Since Reagan came into office, he has adopted a so-called "constructive engagement" policy in southern Africa, in the hope of persuading South Africa, through "quiet diplomacy," to adopt some positions both at home and abroad for the relaxation of the tense situation in southern Africa, so as to make things easier for U.S. activities. At the same time, the United States has demanded the withdrawal of Cuban troops in Angola, and a reconciliation between the M.P.L.A. and UNITA.

For this, Chester A. Crocker, assistant secretary for African affairs in the Department of State shuttled between southern African countries. In such an atmosphere, south Africa and Angola reached an accord on mutually moving away from military engagements, and a wave of peace talks appeared in southern Africa. Hence, a rather favorable position for the United States. But soon, South Africa suppressed the black people's movement at home in a big way, and supported the puppet regime in Namibia. Then it repeatedly violated the accord and intruded into the southern areas of Angola, and sabotaged the security of its neighboring countries.

Inside Angola, war between the MPLA government army and UNITA escalated, and reconciliation came to naught. U.S. diplomatic efforts suffered repeated setbacks. Thus, the U.S. hardliners in the U.S. ruling group have repeatedly appealed for a restudy of the "constructive engagement" policy for southern Africa, and advocated an offensive in support of UNITA. UNITA has gradually grown more powerful in its strength over the past few years; it now has control over one-sixth of the total territory of the country, and is engaged in seasaw battles with the government army on two-thirds of the territory. Some people in the U.S. Congress believe that UNITA has already become a force to bargain, and to contend with the MPLA; and they advocated changing the practice of the Carter administration by aiding UNITA in a big way, beefing up its actual strength, and using UNITA to resist the influence of the Soviet Union and Cuba in Angola.

Now the dry season offensive is close at hand, and U.S. assistance will help UNITA to oppose the offensive of the government army. Besides, the United States is bringing economic pressure to bear on the Angola government, making vigorous efforts to press the MPLA to reconciliate with UNITA. The United States threatens to withdraw U.S. oil companies in Angola if the MPLA insists on solving the question of UNITA by military means. Oil is Angola's economic lifeline. It would be very difficult for Angola's economy to suffer the blow of U.S. withdrawal of its oil companies.

While adopting the above-mentioned hardline measures, the United States has not given up talks with Angola. Although the United States and Angola have not established diplomatic relations, the two countries have made contacts on the independence of Namibia and the bilateral relations between the two countries. Last November, the United States and Angola resumed their once interrupted talks. Early this year, U.S. Assistant Secretary of State Crocker visited Angola, and he expressed the U.S. wish "for continuing to push forward its influence on Southern Africa and the diplomatic process of the Namibia issue based on a constructive spirit." Angola's President Jose Eduardo dos Santos also said that the Angolan government was ready to discuss with the United States the problems of southern Africa.

The new U.S. practice in Angola has brought strong repercussions from many sides. President dos Santos condemned the direct U.S. military aid to UNITA calling it a violent intervention in Angola's internal affairs, and he said that Angola would not submit to U.S. "blackmailing" and "threats." Kaunda, Zambia's president and chairman of the African Front-line States, pointed out that the U.S. practice has directly endangered peace in southern Africa. And he warned that if the United States doesn't stop its assistance to Savimbi, "Angola would split into two like Korea, with its southern part controlled by the United States, and its northern part fallen into Soviet hands." On the same day when Reagan met Savimbi, the Soviet foreign minister and defense minister were meeting the Angola and Cuban government reepresentatives, reaffirming Soviet support of Angola.

World opinion believes that the current U.S. practice will inevitably intensify the domestic contradictions in Angola, making the MPLA rely all the more on the Soviet Union and Cuba for their support, and making the withdrawal of Cuban troops an impossibility. If the Cuban troops should stay, South Africa would have a pretext to block Namibia's independence. Therefore, peace in southern Africa has met with new trouble.

FURTHER ON BOLIVIAN SENATE DELEGATION'S VISIT

Talks With Huang Hua

OW132015 Beijing XINHUA in English 1456 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- Huang Hua, vice-chairman of China's National People's Congress (NPC) Standing Committee, held talks here today with Oscar Zamora Medinacelli, president of the Bolivian Senate. They exchanged views on the world situation and bilateral cooperation and briefed each other on their countries' political and economic situation.

Huang said that China has been following closely the situation in Central America, which has become a hot spot in the world. "We stand for a settlement of the Central-American issue by the Central American countries themselves through peaceful negotiations without outside interference," he stated. "We support the efforts of the Contadora Group and other Latin-American countries for a peaceful resolution of the Central-American issue."

Zamora expressed the hope to strengthen cooperation between the two countries. He said that China, which suffered the same lot as other Third-World countries, is Bolivia's most ideal partner in cooperation.

Huang said that it is a basic policy of China to promote South-South cooperation. The country is willing to develop friendly cooperation with Bolivia under the principles of independence, equality and mutual benefit, diversified forms and common development.

The NCP Standing Committee gave a banquet this evening to welcome the Bolivian Senate delegation led by Zamora. Speaking at the function, both Huang and Zamora paid tribute to the friendship between the two countries and peoples, and expressed the wish to further relations between the two parliaments.

The Bolivian delegation arrived here today after visiting Shanghai and Hangzhou in southern China.

Welcomed by Ulanhu

OW141050 Beijing XINHUA in English 0941 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- The Chinese Government attaches great importance to the development of Sino-Bolivian friendship and co-operation, Vice-President Ulanhu said here today. He said great potential existed for increased bilateral co-operation.

At a meeting with a delegation from the Bolivian Senate, led by its president, Oscar Zamora Medinacelli, Ulanhu extended a warm welcome to the visitors on behalf of President Li Xiannian and the Chinese Government and people. He said he was confident that the delegation's visit would promote mutual understanding and friendship between the two countries and peoples.

Both China and Bolivia belonged to the Third World and shared similar views on many major international issues. "Our countries have had common experiences in the past," he said. They were now facing a similar task of development.

Ulanhu said he hoped their countries would learn from each other and carry out economic co-operation to achieve common development. Through joint efforts, the friendly relations and co-operation between the countries and governments were certain to grow steadily.

Ulanhu praised the efforts of the Bolivian Government and people in seeking methods of development suitable to their country's conditions, and in strengthening the economy to bring national prosperity. He also praised Bolivia's positive contributions to the promotion of unity and co-operation between Latin American countries.

Zamora and other members of the delegation told Ulanhu about their impressions of their visit to China, and said they were eager to see a further strengthening of Sino-Bolivian economic relations.

Present at the meeting was Huang Hua, vice-chairman of the National People's Congress Standing Committee.

Feted by Hu Qili

OW141058 Beijing XINHUA in English 1032 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- Hu Qili, member of the Political Bureau and Secretariat of the Central Committee of the Communist Party of China (CPC), met a delegation from the Bolivian Senate led by its President Oscar Zamora Medinacelli here today.

Hu said the delegation's visit coincides with the first anniversary of the establishment of diplomatic ties between the two countries. This shows how the Bolivian Government and the public cherish their friendly relations with China. He spoke highly of Bolivia's foreign policy of peace, independence and non-alignment and its positions for the establishment of a new international economic order, peaceful settlement of international conflicts and opposition to the power politics pursued by the big powers.

Both China and Bolivia desire world peace, Hu noted. The two countries can learn from each other's strong points in developing their national economies and carry out barter trade on the basis of equality and mutual benefit.

After giving an account of Bolivia's political and economic situation, Zamora said the Bolivian and Chinese Governments have signed a number of agreements, but various forms of cooperation between their provinces and cities are in order so as to promote bilateral trade and economic relations. This is politically important and beneficial to both sides, he added. He told Hu that all political parties in Bolivia share identical views on developing friendly relations with China, and both Bolivia and China are of the same opinion as to the prospects of their bilateral relations. After the meeting, Hu gave a luncheon for the visitors.

Meets Peng Zhen

OW150848 Beijing XINHUA in English 0806 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- Peng Zhen, chairman of the National People's Congress Standing Committee, said here today that the Third World countries should strengthen their unity and cooperation and develop their national economy.

At a meeting with a delegation from Bolivian Senate led by its President Oscar Zamora Medinacelli in the Great Hall of the People, Peng said, along with the cultural, economic and technological development of the mankind, no country could exist without association with other countries and they should live in peace. Peng said Third World countries should unite more closely, respect and help each other and learn from each other's strong points as well as expand their cooperation politically, economically and culturally.

On China's foreign policies, the chairman said China pursues an independent foreign policy of peace and handles relations with other countries in line with the five principles of peaceful co-existence. Countries, big or small, strong or weak, rich or poor, should be equal, he noted, and China opposes hegemonic act of any kind.

Agreed with Peng's view, Zamora said the development of Third World countries depend on unity and cooperation among themselves. Bolivia firmly safeguards its national independence and strives for new international economic order, he added.

Peng said China and Bolivia are developing countries and are good friends. He held that Sino-Bolivian cooperation has broad prospects.

Zamora said Bolivia will spare no effort to expand the friendly cooperation with China.

Huang Hua and Wang Hanbin, vice-chairman and secretary-general of the NPC Standing Committee, attended the meeting.

Geng Biao Gives Luncheon

OW151149 Beijing XINHUA in English 1021 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- Geng Biao, vice-chairman of the Standing Committee of the National People's Congress, met a delegation from the Bolivian Senate led by its President Oscar Zamora Medinacelli here at noon today. The meeting was followed by a luncheon given by Geng in honor of the visitors.

At a press conference given by the delegation this afternoon, Zamora described the talks and meetings between the delegation and Chinese leaders as fruitful. In reply to a question, he said the first Bolivian ambassador to China will arrive here next month. The two countries established diplomatic relations July last year. The delegation is scheduled to leave Beijing for home tonight.

PERUVIAN PRIME MINISTER VISITS SHENZHEN SEZ

OW181452 Beijing XINHUA in English 1416 GMT 18 Jun 86

[Text] Shenzhen, June 18 (XINHUA) -- Luis Alva Castro, chairman of the Council of Ministers of Peru, his wife and their party visited Dongguan City and Shenzhen Special Economic Zone in south China today. They had a bird's view over the Shenzhen Special Economic Zone at the top floor of a 53-storey building in Shenzhen City this afternoon.

Earlier today they visited a gymnasium, a toy factory, a peasant family and an orchard in Dongguan City northwest of Shenzhen. Alva said he was deeply impressed by local agricultural and industrial achievements. The guests left Guangzhou this morning and toured the two cities by car.

NPC SESSION DEBATES PUBLIC ORDER DRAFT

OW191206 Beijing XINHUA in English 1155 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) — Members of the National People's Congress (NPC) Standing Committee, China's highest legislative body, today called for the passage of a revised draft of regulations governing offenses against public order.

In a panel discussion, most of the members agreed that the draft has been well revised, stressing clear distinctions between offenses against public order and more serious crimes, and suggests that such offenses be handled with a combination of education and punishment.

The revised draft, submitted to the ongoing 16th meeting of the NPC Standing Committee, stressed that "those who need not be detained must not be detained, and those who need not be fined must not be fined" in a bid to educate offenders.

Huang Zhigang pointed out that there was a deficiency in dealing with actions harmful to society yet not too serious to be subjected to criminal punishment. The draft, he said, would surely help the public security authorities have guidelines to follow and help offenders mend their ways.

Liu Zengkun, vice-chairman of the Tianjin Municipal People's Congress Standing Committee, who is now visiting the NPC Standing Committee session, said he was satisfied with the article added this time which stipulates "if a public security agency has punished someone unfairly, it should admit its mistake to the person involved, return the fine or confiscated property, and compensate the person for any losses or violations of rights under the law."

"It is realistic," he added.

Some members called for more serious punishment for offenses involving prostitution. Instead of fines, detention and labor-reform should be resorted to, they stressed.

Some members also suggested the addition of articles governing minor offenses of maltreatment of aged people, women and children, and the disabled.

Vice-Chairman of the NPC Standing Committee Seypidin Aze held that since punishment was not the aim but a means for constructing a better social order, it is esential to mobilize the whole of society, including families and schools, to make the draft regulation widely known, so as to help people develop good habits and a high standard of morality.

5 ARRESTED IN BEATING OF FOREIGN STUDENT

HK191115 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1235 GMT 18 Jun 86

[Text] Beijing, 18 Jun (ZHONGGUO XINWEN SHE) -- Judicial organs of China have been hearing the case that a foreign student was beaten up in Beijing.

According to BEIJING RIBAO, on the evening of 31 May, Liu Qiuqi, a vagrant youth, caused trouble after drinking near the eastern gate of the China People's University in Beijing. He provoked a passing female Japanese student, Yukori Sonoda by name. At that moment, a Moroccan boy student Ben Bushita [2609 1580 0087 1044], who was with Sonoda, stepped forward and called Liu to account.

Suddenly Liu Qiuqi struck the first blow at Ben Bushita. When Ben struck back, four other Chinese youths surrounded him and one of them even knocked Ben out.

After the incident occurred, Chinese public security organs conducted an investigation immediately and finally the five troublemakers, including Liu Qiuqi, were all arrested by the Chinese public security organs.

A few days ago, when Ben Bushita and Sonoka were informed of the real state of affairs, they were very happy and heartily gave thanks for the efforts made by the Chinese Government and public security organs. They said: We believe that the Chinese Government protects the legitimate rights of foreigners in China and the overwhelming majority of the Chinese are friendly to foreigners. We have never been discriminated against racially and the behavior of only one or two people does not reflect at all the Chinese people as a whole.

RENMIN RIBAO DESCRIBES REFORMER'S DISMISSAL

HK200345 Beijing RENMIN RIBAO in Chinese 16 Jun 86 p 2

["Feature" by staff reporter Ai Geng: "An Unfinished Controversy -- Before and After Xia Renfan Was Dismissed"]

[Excerpts] Roaring Waves Along the Course

Xia Renfan, male, 37, graduated from the economic management department of Liaoning University in 1982. He once worked in the rural areas, joined the PLA, and worked as a driver and as deputy chief of a motor transport corps. He also has professional knowledge. After a certain period of assessment, the Shenyang City public utility bureau appointed him deputy manager of the city's tram company in August 1983. He was promoted to manager in May 1984.

The young manager displayed his boldness in reform. He handled a series of problems in line with the principle of being "strict, meticulous, realistic, and new." He presided over meetings to adopt strict measures for curbing corruption involving coupons and money, he partially solved for the first time morning shift workers' problems concerning breakfast; he proposed setting up a radio command and control system; he worked hard from dawn till dust along the tram line....

In October 1984, Xia Renfan was invited to Beijing to attend a forum of 14 young activists in reforms, where he was received and encouraged by Wan Li, Hu Qili, Hao Jianxiu, and other central leading comrades.

However, when he returned to Shenyang in early November, he was crestfallen because the higher authorities sent a fact-finding team to look into his problems.

The fact-finding team concluded: The company's reform orientation is correct and it has attained notable results. Xia Renfan has done some work in the reform and has achieved some success. Some of his shortcomings are also "conspicuous" but this does not present an obstacle to his becoming an advanced element in the reform.

In April 1985, the party committee of the city's transportation bureau sent a party rectification liaison team to the tram company. The team again investigated Xia Renfan and encouraged the cadres and the masses to "appraise" him.

At the end of August 1985, Xia was relieved of his post as company manager.

Like a small boat, Xia Renfan was pushed up and down by the waves and was finally stranded on the beach.

A Bold and Prudent Reformer

Xia Renfan had shortcomings and made mistakes. Like an unskilled boatman going downstream, he forgot about the "dangerous shoals" when everything was plain sailing. According to the material supplied by the relevant department, the main problems leading to Xia's dismissal were: raising his pay scale by one step without authorization, buying a set of Western-style clothes at the expense of the state, violating the financial discipline and the central policy, taking pleasure trips to scenic spots with his wife, and so on.

Xia Renfan admitted his shortcomings and mistakes. He told this reporter: "As a reformer, I lack both immunity and defence capability." He also repeatedly said: "I will sum up experiences and lessons and pitch into the work again."

Yes, it is impossible for people to first become "perfect men" and then carry out reforms. They always gradually "perfect" reform measures for themselves.

The Controversy Sets People Thinking

If we measure Xia's achievements and shortcomings in the course of the reform and make a concrete analysis of his mistakes in the specific environment in the initial period of the reform, it will not be difficult for us to draw an objective and just conclusion.

In July 1984, the tram company tried out a "one-man" system, under which Xia Renfan served both as party secretary and company manager. As time was pressing, he sometimes worked in a slapdash manner. The other principal leading members of the company, who were not ideologically prepared for withdrawing to the second line, became skeptical and dissatisfied. Some others, who had left their leading posts during the reform, also cherished somewhat similar feelings. Feelings are contagious. They can spread vertically and horizontally.

A young manager plunged into the economic reform with one heart and one mind and achieved some successes. Later, however, he was investigated, examined, "appraised," dismissed, and left waiting around, being given the "cold treatment" for 18 months. If a reformer can meet with such misfortune, what kind of shadow will it cast of the reform?

Commentator's Article

HK200347 Beijing RENMIN RIBAO in Chinese 16 Jun 86 p 1

[Commentator's article: "Warmly Love and Help Reformers"]

[Text] Some time ago, a number of activists who were bold in conducting reforms emerged in various parts of the country.

They have developed into a shock force pushing forward the reforms. However, information from some units shows that due to various reasons, some of them, particularly the comrades who have shortcomings and have made mistakes, are in a fairly difficult situation and some have even been dismissed. How to deal with the "prominent figures" in reforms who have both achievements and defects has become a matter of great concern to society. The report on Xia Renfan carried in this newspaper today touches upon this problem.

At the beginning of the reform, a central leading comrade said: Making mistakes is permissible in the execution of the reform, but not conducting reforms is impermissible. This is not only a slogan for encouraging reforms but also a principle for dealing with reforms. Now, some leading comrades of the departments responsible for the work are excessively accomodating toward those cadres who have limited ability, who have no intention of carrying out reforms, and who have failed to open up a new situation for a long time, without uttering a word of criticism to them. However, they cannot tolerate the comrades who are bold in carrying out reform, who have achieved notable successes, but who also have some shortcomings or have made mistakes.

Some comrades said: "Making mistakes in work is excusable but seeking personal benefit in the name of reform is impermissible." We should also make a concrete analysis of this. If this "benefit," which may not be entirely appropriate, is stipulated in the reform plan, it should be left until the plan is revised at a later stage. We should not go too far in holding certain individuals responsible for their mistakes. Even if some of these mistakes are caused by the defects in the personal competence of the reformers, they are not in the nature of violations of law and discipline. For this reason, we should objectively examine them in light of the environment and conditions at that time and adopt the approach of helping people with good intentions and "curing the sickness to help the patient." We should not indiscriminately make a big fuss over trifles, "settle final accounts," and rashly label people as "availing themselves of the loopholes in the reform." The practice of attacking reforms for a single fault without considering their other aspects should by no means be adopted by those who really care for comrades and uphold reforms. Far from helping comrades to make progress and pushing forward the reforms, it will only sharpen contradictions and complicate simple matters.

"Now that the masses have brought up the problems, we cannot but investigate and deal with them." True, in order to clear up problems, it is necessary to send fact-finding teams occasionally, to conduct investigation in a down-to-earth way, to affirm the achievements, to help correct the shortcomings or mistakes, and to sternly deal with illegal activities. This is necessary for upholding and pushing forward the reforms. However, it is different in some localities. After sending the first fact-finding team to basically clarify the problems, they disregard the conclusions the team has drawn in favor of the reforms; after sending the second fact-finding team, they again disregard the conclusions the team has drawn in favor of the reforms; and they send another fact-finding team to reinvestigate the old problems that have been investigated and to expose the mistakes that the reformers have corrected, setting a very high "tone" for them. Whoever puts in a good word for the reformers is investigated. They never stop until those investigated are submissive and obedient.

With the fact-finding teams constantly coming in and going out, the reformers are depressed because they have long been placed in the position of being the "accused" and "being investigated." Although the reformers are finally declared good comrades or competent persons, they have lost their dashing spirit and the masses participating in the reform are also disheartened. What can we gain from this? Can this be called "love"? In contrast to this, few fact-finding teams come to the enterprises where reforms are not carried out and where the work stagnates, and the leaders also lead a peaceful life. This state of affairs cannot but have a negative effect on people's minds so that they are afraid to undertake reforms.

Just as the reformers lack experience, how to deal with the reformers is also a new subject. We should uphold the principle of seeking truth from facts, promote socialist democracy, promptly sum up the experiences and lessons in this field, and conscientiously improve our work. This is what people are concerned about. This is also necessary to constantly push forward the reform.

GUANGMING RIBAO URGES TRUSTING INTELLECTUALS

HK191241 Beijing GUANGMING RIBAO in Chinese 11 Jun 86 p 1

Article by Yun Wen: "The Prerequisite for Creating a Harmonious Atmosphere Lies in Trusting Intellectuals"]

[Text] The creation of a fine environment for airing opinions and a harmonious atmosphere has been the hope of the intellectuals over the years. It is natural for them to yearn, and to show great concern for this.

The intellectuals are the main body engaged in spiritual development. A fine environment for airing opinions and a harmonious academic atmosphere have a direct bearing on whether the intellectuals are able to carry on the most fruitful creative labor. Some intellectuals engaged in academic research and literature and art believe that the creation and long-term maintenance of a harmonious atmosphere will make possible the further flourishing of China's research in academic theory and literature and art work.

Then, how is such an environment and atmosphere created and maintained? The key lies in having a correct estimation of the present condition of China's intellectuals.

In the considerably long period since the anti-rightist struggle in 1957, China's intellectuals had always been in a strained environment and atmosphere of being criticized, attacked and reformed. The reason was the party's adoption of an ultra-leftist policy towards the intellectuals. The erroneous policy was derived from an erroneous estimation of the intellectuals. And the most fundamental error was the reversal of the correct conclusion which the Central Committee had explicitly proclaimed that "the overwhelming majority of the intellectuals have become part of the working class," when the intellectuals were regarded as an alien force, and intellectuals of the bourgeoisie. Thus, whatever political campaign unfolded, or certain erroneous policy was pursued, the intellectuals were always the first target of attack.

The 3d Plenary Session of the 11th CPC Central Committee has restored the ideological line of seeking truth from facts. The Central Committee reaffirms that the overwhelming majority of the intellectuals are "an integral part of the working class," which is the most basic condition and prerequisite for creating a harmonious atmosphere.

However, because of the prejudice against the intellectuals formed over many years, some comrades have not genuinely regarded the intellectuals as "one of themselves," in some localities and on some issues. When there is something new in the writings or speeches of some intellectuals, they are often censured. Thus, it would be very difficult for the intellectuals to be thoroughly rid of their "strained mental state" of the past.

The practice of China's socialist revolution and construction has already proved that China's intellectuals have displayed not only outstanding wisdom and intelligence in all undertakings, but also a relatively high level of political consciousness. Their loyalty to the party, pursuit of communist ideals, devotion to the motherland, and a steadfastness to their careers are witnessed by all. Many of them have never moved their faith in the party and socialism even when they landed in a most difficult situation. Then, on what grounds should we adopt an attitude of distrust and feel ill at ease towards them? We must see that some intellectuals have made bold explorations in the research of academic theories in recent years; inspired by the reforms and opening up, the overwhelming majority of them have exerted their efforts and offered their advice concerning the party's undertakings in reforms, in order to render service to the motherland. Even if certain suggestions proposed by some comrades are not so correct, or even erroneous in their bold exploration, that is chiefly because man's subjective understanding sometimes fails to conform to objective realities, or because of the result of looking at things from a different angle. Therefore, we should mainly find the cause from the theory of cognition, and should not rashly raise the issue to a higher plane of political principle.

We should also affirm that the overwhelming majority of the intellectuals are willing to take Marxism as the guiding idea in their theoretical research. In old China, many advanced intellectuals pursued the Marxist truth with their lives and blood. Since the founding of the PRC, many intellectuals have worked hard at studying Marxism, and have a firm belief in Marxism. In recent years, some intellectuals have made all kinds of exploration into Marxism based on the new historical condition and the development of science; and their purpose is to adhere to, to enrich, and to develop Marxism, so that Marxist theory may maintain its vitality with the change of the times. Therefore, we should not rashly regard such exploration as "negating the Marxist tenets."

The majority of Chinese intellectuals have a strong enterprising spirit, and they are bold at making progress. Especially since the implementation of the opening up policy, some intellectuals engaged in academic research and literature and art work have emancipated their minds, studied and referred to some foreign approaches in research, academic views and theoretical systems. Generally speaking, such study and reference aim to develop theory, to make creation flourish, and to make China's socialist spiritual construction arrive at the world's advanced level. By no means should we suppress or injure such precious enthusiasm of theirs.

Of course, it is hardly avoidable for the intellectuals to commit some kinds of mistakes in the course of exploration and research. The fraudulent and floss may all be brought in when introducing western approaches and concepts. If such a condition should emerge, we should also believe that under the correct leadership of the Central Committee, the Chinese intellectuals have the ability to differentiate and correct them, and they are able to correctly absorb and digest foreign ideologies and cultures.

Such a measure of self-correction will be more favorable to the development and flourishing of academic theories, and the upgrading of the qualities of the intellectuals themselves.

In short, there are two different estimations and attitudes regarding the question of treating the intellectuals in the course of creating a harmonious environment for airing opinions. One is based on the firm belief that the overwhelming majority of the intellectuals are good; thus they should be trusted fully and be given a free hand to engage themselves in bold exploration, and blaze new trials. And the other is adopting the old estimation of the intellectuals; hence, remaining distrustful, ill at ease, and disrespectful of the intellectuals, always on guard against their writings and speeches. Obviously, the former estimation and attitude are correct; and only by adopting such an estimation and attitude, will it be possible to make the intellectuals fully use their wisdom and intelligence at ease, and to make contributions to the development of academic theories and the flourishing of literature and art creation.

BEIJING SYMPOSIUM MARKS 100 FLOWERS ANNIVERSARY

OW160343 Beijing Domestic Service in Mandarin 2215 GMT 13 Jun 86

[Excerpts] Nearly 300 people from the capital's academic and literary circles attended a symposium in Beijing on the afternoon of 29 May to mark the 30th anniversary of the double hundred policy — the policy of letting a hundred flowers blossom and a hundred schools of thought contend — introduced by the CPC Central Committee. The symposium was sponsored by the Chinese Society of Marxist Study, the Chinese Writers' Association, the Chinese Society of Political Science, the Chinese Federation of Economic Groups, the Society for Research of Natural Dialectics, and the Department of Marxism and Leninism of the Chinese Academy of Social Sciences.

Present at the meeting were Zhu Houze and Wang Daming, respectively head and deputy head of the Propaganda Department of the CPC Central Committee, as well as comrades Yu Guangyuan, Wang Huide, Huan Xiang, (Jiang Siyi) and others.

Speaking on promoting scientific study of social sciences, Comrade Yu Guangyuan said: The objective of the double hundred policy is to bring about a more active scientific study, which calls for more research work. Contention for contention's sake should not be the aim of our research. That should be producing scientific results useful for our country's socialist construction and reform. To promote the study of sciences, the nation must take effective measures to institute scientific study of social sciences. In this regard, Yu Guangyuan put forward certain tentative ideas and specific measures.

Some scholars pointed out that the proposition that class struggle should be regarded as the guiding principle, and some people's wariness of bourgeois liberalization were two main reasons why the double hundred policy was not implemented over a rather long period. In fact, they said, this was a continuation of the leftists' infantile disorder in the history of the world communist movement.

Some comrades pointed out that an important reason why the double hundred policy could not be successfully implemented lay in China's backward economic and cultural development. Over a long period, often only one school of thought was allowed to exist.

After the Warring States period [475-221 B.C.] all schools of thought but Confucianism were rejected. Since there was basically only one school of thought after liberation, dogmatism was rampant.

What should be done to prevent the recurrence of such a situation? Some comrades pointed out that the implementation of the double hundred policy must be guaranteed by political democracy. This means that all citizens are guaranteed the ability to exercise their democratic rights prescribed in the Constitution, that hostilities against intellectuals must be halted, and that people in society should think intellectuals trustworthy. They added that, to uphold the policy of letting a hundred of schools of thought contend, everyone should be considered equal before truth, and the 100 schoools of thought should not be reduced to only two. The relationship between Marxism and non-Marxism should not be one between the ruler and the ruled. Likewise, the polemics between them should only be settled throgh free dicussion. To ensure that all schools of thought can contend with each other, there should not be any administrative intervention with academic polemics.

Some scholars said: To uphold the double hundred policy, scientific workers' academic freedom must be ensured, and academic freedom must be based on the principle that the pursuit of truth should have greater priority than all other pursuits. Only in this sense can there be genuine academic freedom. However, because there was not an environment in which academic freedom is safeguarded, more often than not our scholars had to place other considerations above the pursuit of truth. Thus, before publicizing their academic viewpoints, people must consider whether or not the outcome may threaten their safety. As such, inherent academic freedom must be ensured before the double hundred policy can be implemented.

Some young theoretical workers expressed the hope that the double hundred policy should be a fundamental and long-term one, and not a short-term, temporary, intermittent and expedient measure. To this end, they said, it is necessary to perfect socialist democracy and law, so that socialist freedom of creation, academic research, and speech can be genuinely institutionalized and fully protected by law. To achieve genuine academic equality, no one is entitled to any special privilege in the area of academic criticism and discussion. As everyone is equal before truth, everyone should also be equal before academic issues. On the basis of academic equality, everyone must have academic freedom. Specifically speaking, theoretical workers must have the freedom of independent thought, be able to take part in debate, write creatively and make criticisms, as well as have the freedom to voice, uphold, and reserve their opinions.

Excerpts of Speeches

HK190745 Beijing RENMIN RIBAO in Chinese 13 Jun 86 p 5

["Excerpts of Speeches at Forum on the Double Hundred Policy"]

[Text] Editors note: On 29 May, the Society for Research in Marxism-Leninism Mao Zedong Thought, the Chinese Writers' Association, the Chinese Society of Political Science, the Chinese Federation of Economic Groups, the Society for Research of Natural Dialectics, the research institute of Marxixm-Leninism-Mao Zedong Thought of the Chinese Academy of Social Sciences, and other units, jointly held a forum in Beijing, marking the 30th anniversary of the putting forward of the double hundred principle. The following articles are excerpts of some speeches made at the forum.

"It Is Necessary To Resolve Several Questions In Implementing the Double Hundred Policy" — By Wu Mingyu

Over the last 2 or 3 decades, never did we enjoy such a democratic political life in our party and country as since the 3d Plenary Session of the 11th CPC Central Committee, nor a spiritual life as varied and colorful as it is today, or have such an understanding of the modern civilization in the world as we do now. This is an excellent situation. Nevertheless, in such a situation, we still come across many obstacles in implementing the double hundred principle.

Since it is a correct principle conforming with the objective law governing human mental activities, why is the double hundred principle constantly obstructed and disturbed? In the past, there were surely some important historical reasons, such as taking the class struggle as a key link, the personality cult, and so on. At present, it is often the case that the following three issues are not very well handled.

First, the evaluation of the intellectual circles. The party's evaluation of intellectuals should be already very clear. At the national science congress in 1978, Comrade Deng Xiaoping delivered a special speech. At the conference marking the 100th anniversary of the death of Marx in 1983, Comrade Hu Yaobang also especially stressed this issue. He pointed out that our party's policy on intellectuals has once again moved into the orbit of Marxism. However, we have not yet carried it out in every aspect. At present, various kinds of hesitation and obstruction in connection with the double hundred principle are related to the evaluation of the intellectual circles. Not long ago, newspapers carried some articles whose general idea can be summarized as reemphasizing the importance of remolding the bourgeois world outlook of the intellectuals. I think that this runs counter to our party's evaluation of the intellectuals. It often happens that because an individual intellectual makes a speech, or writes an article which contains something not quite perfect or contains errors, or even has no errors but because of differing opinions, some people might reach some conclusions, maintaining that the situation is not good and asking who is ruling the ideological circles, and so on. I think that such an evaluation has, in fact, shaken the basic trust in the party's policy on the intellectuals and the basic trust in the double hundred principle.

Second, should spiritual life be monotonous or varied? I hold that spiritual life should be diversified and colorful. Whether in the study of natural and social science or in the cultural and artistic life, in fact all our human spiritual life should be varied and colorful. We should absolutely not return to the era of having only eight model operas. In spiritual life, we should allow and encourage people to make exploration in a diversified way. Of course, we should call on the artists and scientists to adhere to the orientation of serving socialism and the people. But we should not use this to restrict every specific work and subject of research. It is not very easy to judge whether a work tallies with the orientation of socialism or not. It needs to be tested by practice, even protractedly and repeatedly. If only those people who are in line with the orientation are allowed to create wroks, the first quesion should be who sould be the judges. If only a few people are qualified to be the judges, a large number of works might be throttled.

Only by letting a hundred flowers blossom and a hundred schools of thought contend can we discover the works which conform most to the socialist orieintation and are most lively, and gradually eliminate those works which are in poor taste and not in conformity to the socialist orientation through competition. Success is a result of constant exploration and growth. If we should require that exploration only succeed, and not fail, it is tantamount to not allowing exploration and blocking the road of creation and the road of seeking truth. We just cannot allow the correctness of a work or scientific research, or the content of the spiritual life of our society as a whole to be decided by the personal feelings of individuals (including individual leaders).

Third, should Marxism continue or stop developing? I think that everyone would say Marxism should continue to develop, rather than being brought to a standstill. Nevertheless, I think that in order to develop Marxism, people should be allowed to break with some outdated theories in the classical works of Marxism and supplement and develop Marxism. If people should be afraid of hearing the words: making some breakthroughs, or tend to regard viewpoints which differ from the classical works as heretical beliefs, this is, in fact, tantamount to not allowing the development of Marxism. Only through development can Marxism have true vitality and be truly upheld for a long time. If people only stress the persistence of Marxism but not the development of Marxism, this so-called Marxism will have hardly any vitality and will become a grey theory. Life is like an evergreen tree. If theory does not advance along with the development of practice, it will turn grey.

"Contention Concerning Letting a Hundred Schools of Thought Contend" -- by Huang Qinghe

Thirty years ago, as a member of the science selction of the Propaganda Department of the CPC Central Committee, I did some specific work in implementing the policy of letting a hundred schools of thought contend in the field of genetics. I personally experienced and witnessed how popular the policy was among the people and how it pleased the vast numbers of scientists and technicians at that time. Like a good rain after a long drought, it filled the country's scientific and technological circles with vigor and vitality. After 3 decades on a tortuous path, everyone has gained a more profound understanding of the policy of letting a hundred schools of thought contend. Here, I would like to raise two viewpoints, which can also serve as a contention concerning the policy of letting a hundred schools of thought contend.

1. The formulation of the policy of letting a hundred flowers blossom and a hundred schooools of thought contend is, in fact, a reform in the ideological field.

The double hundred policy is aimed at solving improper interference of political forces in learning, technology, and art. In the 1930's and 40's the CPSU supported one school of thought to suppress another in the academic circles. This practice spread to China in the early period of the People's Republic, bringing about great confusion, first in genetics, and then in other relevant branches of learning. In an article mourning Stalin's death, Lysenko wrote: "Comrade Stalin personally brought to light a series of the most important laws on biology."

That is to say, it was not biologists but Stalin, who was not a biologist, who brought to light a series of the most important laws on biology. From the fact that conclusions on biological contention had been drawn by a politician we can see to what extent politics and learning were mixed up at that time.

The year 1956 was worth recollecting and commemorating. In that year the CPC Central Committee put forward the double hundred policy in order to vigorously develop science and to bring about a flourishing art. If we compare the double hundred policy of 3 decades ago with the reform of the economic structure today, we shall notice some important similarities: They are reforms aimed at instilling vitality in the relevant systems. There are also similarities between the patterns of the two reforms: The "microscopic" principle of the policy of letting a hundred schools of thought contend is to separate politics from learning and to call on the party not to draw conclusions on academic issues; and its "macroscopic" principle is to create a relaxed environment and atmosphere and to call on leading organs at all levels and on scientific and technological circles ot observe the double hundred policy, to convince people by reasoning, and to learn from each other.

2. I would like to probe into the causes for the oversimplified, crude, and even uncivilized methods that have been adopted toward science and the obstructions in implementing the double hundred policy.

In the early 1950's, the Propaganda Department of the CPC Central Committee repeatedly received emergency calls from agricultural scientists: The experimental plot for the distant hybridization of wheat and rye conducted by Bao Wenkui, a research fellow of the Sichuan Provincial Research Institute of Agricultural Science, was abolished in a crude way; Professor Wu Shaokui of Henan Agriculture College was prohibited from experimenting on the hybrid corn seeds he had brought back from the United States; Professor Lin Kongxiang of South China Agriculture College was ciriticized for holding views different from those of Soviet experts on the cause of citrus yellows. Young people today will probably be unable to believe these things. However, they were all true and by no means the only cases.

Today, how do we explain the phenomena which happened at that time and afterwards? In my view, we can look at them this way: 1) The most direct and superficial reason was that, in the course of exclusively learning from the Soviet Union, we also accepted erroneous things. The practice of raising academic issues to the high plane of political ones emerged in the Soviet Union 5 decades ago. At a meeting in 1935, Lysenko said: "The task of old science was to help the bourgeoisie, kulaks, and all exploiters, while our science serves the construction of collective farms....Kulak saboteurs not only exist in collective farms but also in scientific circles and so do their harmfulness and destructiveness....A class enemy is always a class enemy, whether he is a scientist or not." By reviewing this history we cannot only understand why those things happened in our genetic and biological circles in the early period of the People's Republic but also the cause for the many more extreme measures adopted during the "Great Cultural Revolution."

However, the obvious external influence is superficial. When the environment changes, the external influence will gradually disappear due to the loss of support.

2) A slightly deeper and direct cause is underdevelopment. An underdeveloped culture and economy have led to our unability to distinguish right from wrong and have made it easy for us to be duped or to oversimplify things. Underdevelopment is the overall situation of a society. For this reason, it is difficult for even outstanding elements in society to distinguish right from wrong and to avoid oversimplifying things and being duped. Underdevelopment is our weak point. It is quite difficult to eliminate this factor. However, after several decades of hard work, China will eventually flourish.

3) A deeper cause is China's special cultural tradition. With the exception of the Spring and Autumn Period and the Warring States Period, in which academic ideas were fairly lively, the Confucian school has exercised absolute power for the past 2,000 the habit of concentrating on one thing only, of attaching importance accustomed to diversification, to personal ability and creativity, an unfavorable environment and soil for the implementation of the double hundred policy. With the progress of economic reforms, the social mentally will also change. However, the cultural tradition of a nation changes fairly slowly.

Reviewing the events in the past 3 decades, we should be gratified at the excellent situation today and the great changes that have taken place. At the same time, we should also fully appreciate the difficulties in implementing the double hundred policy. As a reform, the double hundred policy will certinly meet with obstructions and even reversals in its implementation. We should be ideologically more prepared and foster more practical expectations for the policy. We should gain these understandings after 3 decades of practice.

"The Desire to Seek Truth and Beauty Is Above Everything Else -- by Yan Jaiqi

For scholars and theoretical workers engaged in academic research, the implementation of the double hundred policy means ensuring their freedom in the academic field. Freedom in the academic field is note only an important condition for the development of science, but also a target treasured by all scholars who are in pursuit of truth. All people engaged in academic research hope that they can air their views freely and straightforwardly, that there is an environment for seeking truth and holding firmly to truth without being persecuted and an environment for them to work for the prosperity and development of China's science and culture, and that a number of great scientists and literary giants may emerge and be brought up in our great motherland. For many years past, our academic and theoretical circles we indignant at the phenomenon of using power to support a certain viewpoint while suppressing another. If we believe that through the people's free discussions, erroneous views will be unable to exist for long; if we believe that through free discussions, people will be able to correct their erroneous views and opinions, and if our newspapers and magazines can encourage free contention of diferrent academic views and allow free criticism and counter-criticism without any authoritative interference, all this will not only be extremely helpful to the development of China's science and culture, but will also be extremely helpful to establishing the socialist political system with a high degree of democracy, which is not only a political question but also an academic question.

Without free and full development in the academic field, we cannot even begin to talk about the research and exploration of a high degree of democracy in the political field, not to mention the real practice of building a high degree of democracy.

Einstein, the famous scientist, once said: "The development of science, as well as the development of general creative mental activities" need both "external freedom," "that is, no one should be endangered or injured due to airing his views and propositions on general or specific scientific questions," and "internal freedom," "or mental freedom, which means that one should free his mind from the restriction of any authority and social prejudice or any conventions and habits that run counter to ordinary philosophic theories."

The prosperity of China's science and culture is not only determined by the "external freedom" we have created, but also the "internal freedom" of tens of thousands of our intellectuals and mental laborers. All creations, discoveries, innovations, and progresses originated from the people's minds, which are active in practice, and in the "internal freedom". Without "internal freedom," there would be no great scientific and technological achievements today, nor would there have been great thinkers and writers such as Shakespeare, Voltaire, Tolstoy, Beethoven, Marx, and Lu Xun.

In science, we need to make our choice through practice in the ocean of thinking in order to seek truth, in art, we need to make our choice through practice in the ocean of images in order to seek beauty. Without the freedom of choice, there would be no creation. If we agree that "academic freedom" is based on the principle that the desire to seek truth is above everything else, we should also agree that in art, "freedom of creation" is based on the principle that the desire to seek truth and beauty is above everything else. Only on this basis can science and art be developed and human civilization be continuously promoted. Today, in the 1980's, if we are still making our choices just from safe words and phrases in order to protect ourselves from any possible political attacks and injuries, rather than making our choices in order to seek truth and beauty. If we are still choosing certain words and phrases from marx and Lenin in order to avoid being criticized or merely for the purpose of enhancing the authority of our own opinions, this kind of choice will never bring about any creation. It is by no means an expression of "academic freedom" or "freedom of creation."

"The Double Hundred Principle Is a Basic National Policy" --by Huang Mei.

The flourishng literary and artistic creation, the vigorous situation in the theoretical field, and the many talented who have come forward since the 3d Plenary Session of the 11th CPC Central Committee have been unprecedented. Compared with the "Cultural Revolution" period, facts have evidently proved that the double hundred principle is the sole, correct principle for promoting the prosperity of China's socialist literature and art. As Comrade Mao Zedong pointed out: The double hundred principle will be conducive to the consolidation of the state and the development of culture.

Viewed from the situation on the literature and art front, the theories of literature and art became rigid and various forbidden zones took shape due to the influence of the "leftist" ideas and "taking class struggle as the key link" which resulted in the strangling of the double hundred principle.

In order to depict life, our literature and art should reveal the complicated problems in life. A creative work on a historical or modern topic that merely takes class struggle as the key link actually negates the complex nature of contradiction and conceals many problems. Consequently, it makes the themes monotonous or formularizes and generalizes the literature works. This runs counter to the law of life and art.

If a writer cannot depict real life and reveal the various problems in life and if he does not have freedom to select a theme or topic, it means that he does not truly have creative freedom of creation. If that is the case, letting a hundred flowers blossom and free competition of forms and styles would be out of the question.

In recent years, controversial works such as "The Legend of Tianyun Mountain," "Man at Middle Age," Heavy Wings," "Wreaths at the Foot of the Mountain," and "New Star" are actually the works well received by the masses. This shows that writers should have the courage to face reality, acquire a correct understanding of the new problems they are facing, seek answers through exploration, and forge ahead on the basis of summing up historical experience. The new and wide-ranging themes and the true, touching figures depicted in these works manifest the talent of our writers and the new breakthroughs made in forms and styles. The practice of our writers has promoted the development of Marxist aesthetics and put forward new topics for further study and exploration for the theory of literature and art. Thanks to the extensive horizontal ties established among literature and art circles, the major historical changes that have taken place in reform and the building of the four modernizations, the development of the economic situation, the changes in people's thinking, psychology, ideas, and life-styles, and the progress of science and culture, the theoretical workers of literature and art should study politics, economics, sociology, natural science, psychology, and ethics and observe the changes and development in current literature and art. This is another aspect which our literary and artistic theory seldom approached in the past and which must be further developed. For this reason, while conducting academic discussions on the theory of literature and art, we cannot separate academic problems from political ones. Lu Xun said: "Without the pathbreakers who dare to break with all traditional ideas and methods, it would be impossible for China to have genuinely new literature and art." Now it seems that such a new era is approaching. A number of pathbreakers have emerged. Naturally, the process of breaking a new path is a process of exploration and blazing new trails. Therefore, mistakes are unavoidable and we should not demand successes on every occasion without any failure.

Under the excellent situation today, we should review our history and find out why we fail to appropriately implement the double hundred principle. Furthermore, we must develop the double hundred principle in light of the new situation and realize that it is the sole, correct principle for building socialist literature and art with Chinese characteristics and that it is a basic, long-term strategic principle and a basic national policy.

If we fail to uphold the double hundred principle, it would be impossible to have genuine freedom of creation and comment, to adhere to the socialist orientation, and to uphold and develop Marxism and Mao Zedong Thought on literature and art.

We should inherit and develop the fine cultural heritage of the Chinese nation and also open up to the outside world to draw on all the useful experience of other countries. It is necessary to further emancipate minds, realistically carry out theoretical research work, promote the prosperity of literary creation, and depict the great struggles of real life. We should create a relaxed, harmonious, and united atmosphere of mutual trust so that the leading cadres in charge of literature and art and writers and artists can freely and equally discuss questions of theory and creation. Only in this way can we develop a high degree of artistic and political democracy.

In the past, whenever the double hundred principle was mentioned, some people would try by every means to combat bourgeois liberalization; when there were dissenting views on theoretical and academic problems, consclusions would be made hastily and "mass criticism" would be launched; and when mistakes were made in exploration and blazing new trails, the work would simply be negated. As a result, the influence of "leftist" ideas obstructed the implementation of the double hundred principle. Such a state of affairs must be changed.

I fully agree with the views of some comrades: The double hundred principle should be clearly defined as a basic national policy. So long as literary and artistic creation and theories do not run counter to the constitution, the laws, and the four basic principles, they should be protected. The double hundred principle should be legalized and institutionalized. Laws concerning literature and art should also be made in light of the double hundred principle.

"It is Necessary To Implement the 'Double Hundred' Policy in Military Academic Studies" — by Jiang Siy

Implementing the policy of letting a hundred schools of thought contend is the only way for science to progress, and military science and military academic studies are no exceptions.

We are now in the new period of modernizing our national defense and the modernization of our army can only be achieved through reform. A victorious Army should not allow its past successful experiences to become a hinderance to the development of its military build-up in the face of potential threats of war. Our Army must be reformed and must modernize its military equipment, undergo reorganization and train modern military personnel, but what is most important is that we must try to modernize our military thinking, including working out a correct strategy for the development of national defense and devising solutions to the problem of halting aggressive wars. In short, we must take flourishing of military science as our guide to reforming the army and modernizing national defense.

It is obvious that such arduous tasks of academic studies cannot be fulfilled by a small number of people. To fulfill them, we must pool the wisdom of the masses and implement the policy of letting a hundred schools of thought contend. The study of military science should be conducted by leading cadres, professionals, battle veterans, and servicemen, but it can also be conducted by ordinary cadres, non-professionals, those who have not engaged in battles, and comrades working in the localities. If military academic studies are not controlled by a particular school of thought of certain authoritative persons but are conducted in accordance with the principle of letting a hundred schools of thought contend, they will certainly make greater progress.

Military academic studies must be conducted in an atmosphere of democracy and we must ensure that everyone is equal before academic problems. Position and administrative power cannot be equated with knowledge and the truth. Rigid control, excessive demands, everyone speaking with one voice, or everyone in subdued silence — all these are by no means a gratifying phenomena. Comrade Ye Jianying once said: The PLA Academy of Military Science is in fact an organ of hot debate. We must encourage people to enter into debate and uphold the truth. Contention over academic problems is in no way class struggle.

We must take a scientific attitude toward scientific research and a scientific attitude means a realistic attitude. We must have the courage to size up the new situation, identify new problems and look into new conclusions which are suited to objective reality. In conducting scientific research, if we know only how to copy classical works and imitate what leaders say, then we can only write something "which is irrefutable but also useless." We must organically combine the study of history with the study of the realities of the day and anticipation of the future. If we pay attention only to looking into the orbit of historical development and pay no attention to the study of the realities of the day and anticipation of the future, the result of our studies will not be helpful to reform. Leaders at various levels should create conditions for conducting academic research and seeking truth in a realistic way. This provides a most important guarantee for making military science flourish.

In ancient China, there were different schools of military thought. Books on the art of war like "Military Strategy and Tactics of Sun Zi" were all the result of letting a hundred schools of thought contend. "Problems of Strategy in China's Revolutionary War," "On Protracted War" and other famous military works by Comrade Mao Zedong all came into being in the course of debates among different points of view. At a time when we are launching the all-round reform, if we further implement the "double hundred" policy under the leadership of the CPC Central Committee and its Military Commission, our military science will certainly flourish and develop vigorously.

"Willing To Work Hard To Make Social Science Flourish" — by Ma Ding

The growth of young theoreticians needs some internal and external conditions. As far as the internal conditions are concerned, young theoreticians must be equipped with solid basic knowledge and scientific methodology, make long-term arduous exploration and independent reflection and studies, and show the courage to voice new theoretical ideas and the pioneering spirit to blaze new trails. As far as the external conditions are concerned, the growth of young theoreticians needs a harmonious atmosphere, and a more lively and relaxed environment regarding public opinion. In the course of theoretical study and exploration, young theoreticians will certainly encounter one problem or another and display many shortcomings and deficiencies. These are normal phenomena inevitable in the process of cognition which are nothing to be surprised at, and nobody should capitalize on young theoreticians' vulnerable points, bludgeon them, or blacklist them. History has told us that intervention in academic debates by administrative means and handling of these issues by organizational measures are unfavorable to the flourishing and development of science and, in particular, to the growth of young people.

As a young theoretician, I have several wishes: First, the policy of letting a hundred flowers blossom and a hundred schools of though contend should be adopted as a long-term basic policy but not a short-term, temporary, and discontinuous expedient measure. To fulfill this aim, it is necessary to put socialist democracy and socialist legal system on a sound basis, fix the socialist freedom of creation, research, academic activities, and speech as a part of the legal system, and provide full legal guarantee of these rights. Second, it is necessary to ensure genuine equality in the academic field. Nobody enjoys privilege in academic criticism and discussion. Everybody is equal in academic debates, just as everybody is equal before truth. Third, it is necessary to practice freedom of academic activities on the basis of quality in the academic field. Freedom of academic activities should not be reduced to an empty phraseology but should provide the following specific freedoms: theoreticians enjoy the freedom of independent thinking, the freedom to participate in debate, the freedom of creation and criticism, and the freedom to express and hold to their views and to have reservations.

Fully 30 years have passed since the double hundred policy was first put forth. There were twists and turns in the course of implementation of the double hundred policy and we have suffered from bitter experience. However, society is always forging ahead and history keeps on developing. Today, the commemoration of the advancement of the double hundred policy in itself indicates great historical progress. I would like to join our seniors in working hard to implement the double hundred policy and to make social science flourish.

RENMIN RIBAO ON RECTIFYING POLICEMEN'S WORK STYLE

HK191013 Beijing RENMIN RIBAO in Chinese 16 Jun 86 p 1

[Commentator's article: "Firmly Establish the Viewpoint That 'I Maintain Public Order for the People'"]

[Text] Strictly managing the police force and maintaining a good work style in the Public Security Department constitutes an important part of political work in grass-roots public security departments. This is of great significance in raising the quality of the public security departments, and forming close relations between the police and the people. The central leadership and the general public are deeply concerned with this matter, so party and government leaders at all levels and the public security departments should pay close attention to the matter and should seriously handle this issue.

The public security departments shoulder the important responsibility for maintaining social order, work order, and production order. In the course of performing this glorious task, public security cadres and policemen at the grass-roots level have to come into contact with ordinary people every day. Because public security cadres and policemen have power and weapons in their hands, the masses generally do not treat them as ordinary people. The words and deeds of public security cadres and policemen have direct bearing on the prestige of the party and the government. In recent years, through the implementation of the principle for strictly managing the police force and through education in ideals trade ethics, and discipline among the public security cadres and policemen, the mental attitude of the vast number of public security cadres and policemen has greatly improved.

They handle cases and treat people in a civil manner, and many good cadres and policemen who serve the people wholeheartedly and step forward bravely when facing dangers and difficulties have emerged. They have left a good image among the people.

However, we should also notice that there are all kinds of unhealthy tendencies and decadent capitalist and feudalist ideas in society, which will certainly corrode our public security cadres and policemen and adversely influence their work style. For example, some policemen do not strictly abide by discipline and maintain the required standards of appearance and bearing; some policemen do not have the idea of serving the people and treat people rudely; some people are keen on seeking privileges and selfish gain by using their power and official functions; and some people have even violated laws and committed crimes. All these bad phenomena have inevitably influenced the prestige of the public security departments among the masses. This thus requires us to strengthen the political work in the public security departments. We should first straighten out the party style and police work style among leading cadres and in leading organs. Leading cadres should set a good example and should also dare to stop the bad phenomena among subordinate personnel. The grass-roots public security departments must seriously and effectively straighten out the work style of and enforce discipline among their personnel.

In order to strengthen the political work among the grass-roots public security personnel, we should always grasp the central link of conducting ideological and political education among them so as to bring the thinking of public security cadres and policemen into line with the fulfillment of the party's general task and general objective. It is necessary to conduct constant education in ideals and discipline. We should constantly educate the policemen in the purpose, ethics, duties, and discipline of the people's police force, and should also educate them on policy and handling situations. All policemen should clearly understand that the people's police force is the state's armed administrative force, so they must prudently exercise their power given by the party and the state in the course of performing their functions for the people's democratic dictatorship. The public security personnel must have a high sense of responsibility, strictly abide by discipline, and serve the people wholeheartedly. They should establish the viewpoint that "I maintain public order for the people," and overcome the idea of seeking privileges as the overlords of the people. They should realize that their primary duty is to protect the legitimate rights and interests of the people from being infringed upon. Grass-roots public security cadres and policemen must be able to do mass work and must take root among the masses. Facts show that only by relying on the masses can we have combat effectiveness. In the localities where the police have good relations with the masses, public order is also good. If our public security cadres and policemen form close ties with local people, they will enjoy high prestige among the people and the people will warmly support their work, then social order will be effectively guaranteed.

MA BI ARTICLE PRAISES CPC ACHIEVEMENTS

HK191528 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0150 GMT 17 Jun 86

[Report: "Late Ma Bi Claims That CPC Has Reached Beyond the Three People's Principles, Marches Toward Socialism" — ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 17 Jun (ZHONGGUO XINWEN SHE) — Mr Ma Bi, a late member of the NPC Standing Committee, said in an article he wrote before his death that the mainland not only has completely realized the three people's principles, but has also gone beyond these principles and begun to advance toward socialism.

Mr Ma Bi returned from Taiwan on 3 November 1981 and settled down in Beijing. He died of illness in Changsha on 8 October 1985. After returning to the mainland, Mr Ma Bi visited many places around the country and inspected the political and economic situation on the mainland. He was deeply impressed by what he saw and heard, and wrote an article in December 1982 entitled "the CPC has surpassed the scope of the three people's principles and is advancing toward socialism." This article was published recently in RENMIN ZHENGXIE BAO.

In his article, Ma Bi said: In the past 50 years and more, I devoted most of my time to studying Dr Sun Yat-sen's thought. Now, I find that Dr Sun's cause of revolution and construction on the basis of the three people's principles has been first fulfilled on the mainland. In fact, the mainland has surpassed the scope of the three people's principles and is advancing toward socialism.

Ma Bi's article briefly describes the development of the three people's principles. He wrote: In the years before and after Dr Sun's death, the obstacles to the implementation of the three people's principles remained in the old China, and these obstacles had to be removed by some violent means. In those years, the national state that Dr Sun strived to build was still an ideal. Dr Sun led the revolution to found the Republic of China, but the Republic existed merely in name. The social state that Dr Sun strove to build was still far from becoming a reality. That is, in those years, no thorough revolution and construction had yet been carried out in China.

It was fortunate that Dr Sun laid down the three major policies of "allying with the Soviet Union, allying with the Communist Party. and supporting workers and peasants" before he died. This added new content to the three people's principles and formed the new three people's principles. In its first 30 years and more, the CPC fulfilled Dr Sun's revolutionary cause of destroying the old China and accomplished the process of the new democratic revolution. In this process, the big mountain of imperialism, an obstacle to the principle of nationalism, was removed; the big mountain of feudalism, an obstacle to the principle of the people's rights, was removed; and the big mountain of bureaufractic capitalism, an obstacle to the principle of the people's livelihood, was also removed. The removal of these three big mountains paved the way to the revolutionary construction process of the three people's principles.

The new democratic revolution continued after the founding of the PRC, and capital construction of the three people's principles was carried out into a new stage. Since the 3d Plenary Session of the 11th CPC Central Committee, the focus of the revolutionary cause has been shifted to socialist construction. In recent years, not only have the three people's principles been fully implemented, but they have also been surpassed. The mainland of China is now advancing toward socialism.

Ma Bi's article finally says: In general, modern socialist culture in China has surpassed the scope of nationalist culture; socialist politics has surpassed the scope of politics based on the principle of the people's rights; and the socialist economy has surpassed the scope of the economy based on the principle of the people's livelihood. All this fully shows that the Chinese mainland under the leadership of the CPC has surpassed the stage of the three people's principles in all fields and is advancing toward socialism.

VISA FORMALITIES FOR SOME FOREIGNERS EASED

HK191545 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 15 Jun 86 p 1

[Dispatch by reporter Zhang Zhiye: "China's New Entry, Exit Law Helps the Open Policy"]

[Text] An official of the Ministry of Public Security told this reporter that on-the-spot visas issued at Chinese ports of entry are apparently advantageous to China's open policy. Only a limited number of working personnel in China are assigned to issue on-the-spot visas at the ports of entry. The official said that foreign visitors who have obtained entry visas at the designated Chinese entry ports account for only 1 to 5 percent of the total. Visas are generally issued by Chinese embassies abroad. Easing visa formalities at entry ports is only a supplementary arrangement to assist a limited number of travellers on urgent economic or scientific business in China. Such travellers must possess passports and invitations from Chinese units.

According to the new management law on border entry and exit, permanent resident permits will be given to those who have invested in China or otherwise contributed to the country. The West German Werner Gerich has become the first to receive such treatment for his work as director of the Wuhan Diesel Engine Factory. He has been well received by the Chinese people for his outstanding work. The local authorities held a special ceremony granting him a permanent resident permit. The permit is considered a special honor in China.

In more than 4 months since the law was announced, the official said, the implementation has been satisfactory in general. However, trouble had occurred due to lack of knowledge of relevant regulations by a small number of foreign visitors. According to the new law, for instance, those leaving the country need not go through exit formalities if their documents, including passports, still hold good. In addition, they must had over their temporary resident certificates to frontier inspection stations. The lack of knowledge of the new law by some foreign visitors has led to unnecessary misunderstanding. With a deeper understanding of China's laws acquired by foreign visitors, the official said, the problems will gradually decrease and their journeys will be easier.

Regarding the question of applications for exit by Chinese citizens, the official said, the relevant regulations are being implemented. The "difficulties in getting exit permits" in the past have been solved basically. In order to lift the restrictions on applications for exit by Chinese citizens, greater authority has been granted to lower-level units to approve exit applications. Furthermore, regulations on refusal of applications have been clearly specified. Any refusal of an application now has to be submitted to public security bodies at provincial level or above for further examination.

To date, the official said, only one percent of the applicant's have been refused permission to leave the country. According to the law, applicants may appeal to the higher authorities if their applications are refused. Since the publication of the law, there has been no appeals against refusal.

But the official admitted that the state still exerted strict control over applications for exit to Hong Kong and Macao, saying it is because of considerations for the maintenance of stability and prosperity in the areas. Obviously, this is understandable.

The official said that the state is now drafting detailed rules and regulations for the better implementation of the law concerning entry and exit.

CENTRAL MILITARY COMMISSION TO REFORM ACADEMIES

OW192335 Beijing XINHUA Domestic Service in Chinese 0740 GMT 19 Jun 86

[Excerpts] Beijing, 19 Jun (XINHUA) — The military academies in China are undergoing reform in an overall manner so as to meet needs by providing competent military personnel for the new period.

A policy decision made by the Central Military commission pointed out: In carrying out educational reform in military academies, we must pay attention to our goal of modernizing our national defense and catering to the needs of the world and the future.

In building a military educational system, the decision stressed the following six requirements:

1. Readjust the level of training for commanding officers. Junior military schools will concentrate on basic military, political, and cultural education with an eye toward training platoon commanders. Intermediate academies will carry out specialized training for regimental-level officers. Comprehensive military education will be given to senior officers at the most advanced academies.

2. Improve the system of training specialized technical officers and place emphasis on training qualified personnel with polytechnic school or college-level education.

3. Run, on a trial basis, a group of comprehensive academies where officers can study military and political sciences, logistics, management, and technique at the same time and where officers will be helped to enhance their ability to adapt themselves to new assignments.

4. Steadily develop graduate programs.

5. Gradually improve the system of continuing education for officers.

6. Make preparations to establish various organs for the training of sergeants in a planned manner.

The decision pointed out: To improve officers' political qualities is the most important task of the military academies. All military academies must ensure that the students have the spirit of dedicating themselves to the cause of national defense, and regard this spirit as a criteria in determining whether the students are competent and qualified or not.

The decision also called on military academies to open their academies to the outside. It said: Coordination must be carried out among the military academies and the local institutions of higher learning. Those academies approved by the Central Military Commission to open to the outside world may establish friendly relations and ties with military academies abroad.

PROPER PLACEMENT OF TRANSFERRED SOLDIERS URGED

HK190945 Beijing RENMIN RIBAO in Chinese 14 Jun 86 p 1

[Commentator's article: "Do a Good Job in Placing Demobilized Army Cadres"]

[Text] In June last year, our government decided to trim Armed Forces by one million and to fulfill the task of undergoing structural reform and reduction-in-strength reorganization within 2 to 3 years. Thanks to the profound concern of the CPC Central Committee, the State Council, and the Central Military Commission, with the concerted efforts of the Army and the localities, the work of transferring the first group of military cadres to civilian jobs has been completed. The recent national meeting of representatives of units advanced in resettling Army cadres transferred to civilian work and advanced individuals from among the transferred cadres summed up experiences and commended the advanced in this aspect of work. This will be of great significance in expediting the work of placing Army cadres transferred to civilian jobs and encouraging vast numbers of transferred Army cadres to make great contributions to the four modernizations.

The People's Army is charged with the glorious mission of defending the motherland and safeguarding the four modernizations. In order to fulfill the task, a large number of Army cadres have fought for more than 10 years or even several decades, dedicating their valuable youth to national defense of the motherland. In implementing the Army structural reform, streamlining, and reorganization, they valued the overall interest of the country and the interests of the party and the people above everything else, and were voluntarily transferred to civilian work in order to meet the needs of the state. In the border areas of the interior of our country as well as in the grass roots units or leading organs, they all studied assiduously and worked hard by developing the glorious tradition of the People's Army, thus playing an important role in the building of the two civilizations.

Having steeled themselves in the large school of our Army, these Army cadres who transferred to civilian work are the valuable wealth of our party and country. The CPC Committee and government at various levels have an unshirkable duty of "taking care of them with enthusiasm, properly resettling them and assigning appropriate jobs for them, organizing job training programs for them, and making good use of them.

In accordance with instructions by Comrade Deng Xiaoping, over the past few years, local governments and departments in charge of placing transferred Army cadres have not only made tremendous efforts to resettle Army cadres transferred to civilian work, they have also trained them through different channels and in varied forms such as organizing special training courses for them and sending them to universities and colleges for training so as to enable them to adapt themselves to civilian work as quickly as possible. Shifting the focus of the work of transferring Army cadres to civilian work from a simple take-over and resettlement to professional training, and changing the process of resettlement and job assignment into a process of training and sending more qualified personnel to work on the four modernizations are new experiences created in our work of transferring Army cadres to civilian jobs in order to meet the needs of the four modernizations. Many local authorities insist on training them before they are assigned to new jobs and train them in light of jobs assigned to them. They combine training with an assessment of their proficiency and with assignment of new work and make it as a regular practice and system.

This year is the second year of streamlining and reorganizing the army. The number of Army cadres transferred to civilian work will be larger than before and the work of resettling them will be much more heavy. For this reason, all localities should take effective measures to do a good job of the work. After Army cadres are transferred to civilian work, their working conditions will change greatly. In accordance with the instructions by the State Council and the Central Military Commission, departments in charge of placing transferred Army cadres should take good care of them politically and in work, give due consideration to their demands and wishes, and do every thing possible to assign them to the places where they wish to go and work. At the same time, we must do painstaking ideological political work in an effort to imbue them with the idea of being ready to work both at the top or at the grass roots and being ready to be an official or one of the common people, and to encourage them to go to the places where they are badly needed to make new contributions for socialist construction.

After Army cadres are transferred to civilian work, they will certainly come across numerous difficulties in life such as housing, settlement of families and transfer of their children to other schools. The departments concerned should look at everything from their perspective and help them solve problems by every possible means. Under the present conditions of continued strains on housing, we must give appropriate preferential treatment to them so that they will feel the warmth of living at the grass roots.

Resettling Army cadres transferred to civilian work is an important political task, and it has a direct bearing on the implementation of the strategic policy decision on streamlining and reorganizing our Army. Therefore, the CPC committees and governments at various levels should attach primary importance to it and strengthen leadership over it. The departments concerned in the localities should offer strong support and close cooperation so as to succesfully fulfill the glorious task set by the CPC Central Committee and the State Council.

PLA DEFENSE UNIVERSITY BEGINS ENROLLMENT

OW190553 Beijing Domestic Service in Mandarin 1100 GMT 18 Jun 86

[Text] The National Defense University of the PLA has begun its first enrollment of students. This year it will primarily enroll students from military, political, and logistics commanding cadres at and above division and brigade levels, as well as some leaders at provincial and city levels, and cadres at and above department and bureau levels of departments concerned of state organs.

SATELLITE COMMUNICATIONS NETWORK COMPLETED

OW191718 Beijing XINHUA in English 1420 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) -- China has completed construction of its satellite communications network, a spokesman for the Ministry of Posts and Telecommunications announced at a press conference here today.

Formed by five ground stations, the network has gone into trial operation and will be put in service officially early next month.

Construction started in late 1984, the ground stations are located in Beijing, Urumqi, Hohhot, Ihasa and Guangzhou. They are connected with the long-distance telephone offices by signal relaying and switching facilities. China launched its first experimental communications satellite April 8, 1984, and the second telecommunications and broadcasting satellite February 3 this year.

WAN LI, OTHERS RECEIVE COLLEGE GRADUATES

OW140330 Beijing XINHUA Domestic Service in Chinese 1201 GMT 13 Jun 86

[By Central People's Broadcasting Station Reporter Li Renzhu and XINHUA reporter Yang Zhaobo]

[Excerpt] Beijing, 13 Jun (XINHUA) -- A national forum calling on college graduates to "perform meritorious services in places most needed by the motherland" ended today.

This morning, leading Comrades Wan Li, Yang Shangkun, Yang Dezhi, Qin Jiwei, Song Renqiong, and Hong Xuizhi had a cordial meeting with some 60 representatives of this year's college graduates at the Great Hall of the People. They encouraged the graduates to go to places most needed by the motherland and become down-to-earth pioneers.

During the forum, the college graduates discussed their ideals and aspirations, and pledged to live up to the expectations of the party and the people by applying the knowledge they have learned to work in places most needed by the motherland.

HONG KONG XINHUA DIRECTOR SCRAPS PLANS FOR EUROPE TRIP

HK200607 Hong Kong HONG KONG STANDARD in English 20 Jun 86 p 2

[By David Wong]

[Text] China's chief representative in Hong Kong, Mr Xu Jiatun, has shelved plans to visit six European countries to study their capitalist systems. The trip was to enable him to get a better understanding of how their economies operate in a capitalist environment and would have provided China with valuable guidance in implementing the basic policies listed in the Sino-British Joint Declaration on Hong Kong.

The basic policy of guaranteeing "no change" to the present system here for 50 years after the transfer of sovereignty in 1997, revolves around an innovative idea of "one country, two systems." This hinges on an assumption that capitalism and socialism can coexist peacefully.

Sources told the STANDARD that Mr Xu had planned to embark on his study mission in May, accompanied by one of his close aides, Mr Ji Shaoxiang, head of the Foreign Affairs Department of XINHUA NEWS AGENCY. Mr Xu is now the director of the agency which is China's representative office here. Mr Ji was selected because he has worked in the Chinese Embassy in London and has long experience in Western European affairs.

According to the original plan, Mr Xu and Mr Ji were to go on a three-week tour of Britain, France, the Netherlands, West Germany, Switzerland and Italy. But the visit was not an official one as Mr Xu does not hold an official title of a Chinese Government ministry although his rank is equivalent to that of a government minister. It is understood the planned visit was basically a fact-finding mission.

Following his return from Beijing at the end of April after attending a meeting of the Basic Law Drafting Committee, Mr Xu became involved in a series of unexpected developments that prevented him from embarking on the trip.

Sources said Mr Xu had been one of the chief advisers in the talks that were held in Hong Kong with China Airlines over the return of the Boeing 747 cargo jet and crew after the pilot, Mr Wang Shi-chueh, defected to China when he flew the aircraft to Guangzhou on May 3.

Mr Xu will have a very heavy schedule in the months ahead as the drafting of the Basic Law has gathered momentum following the second meeting in Beijing and the formation of sub-groups to accelerate the pace of consultation and drafting work. "It is doubtful if the study trip will materialize in the foreseeable future," a source said.

Mr Xu was appointed director of the Hong Kong branch of the XINHUA NEWS AGENCY In 1983. Since the signing of the Sino-British Joint Declaration in 1984, Mr Xu has repeated, on a number of occasions, that capitalism and socialism can coexist peacefully. "Capitalism is an existing reality in certain parts of the world. It still has vitality in a certain historical period. This does not mean that there is only conflict and antagonism between capitalism and socialism. Under proper conditions, they can coexist peacefully," he said.

In short, Mr Xu emphasised that capitalism was not totally repulsive to socialism in some respects. "For instance, its advanced scientific technology and administrative expertise are something we should learn from," he said.

RESEARCH INSTITUTE EXPLORES PRC TRADE DEFICIT

HK180307 Hong Kong SOUTH CHINA MORNING POST in English 18 Jun 86 BUSINESS POST p 3

[By Jan Altink]

[Text] China's trade deficit may grow even larger during the seventh five-year economic plan to 1990, unless the country manages to improve its export sector, according to the Hong Kong offshoot of Japan's Nomura Research Institute. In a paper entitled China's Foreign Trade -- A Review and Analysis of Its Key Factors, Normura Research International predicts that "the great domestic demand for imports, particularly related to the modernisation needs, versus the relatively uncertain export prospects, may translate into larger China trade deficits."

Efforts will have to be made in the domestic export sector, whicdh hads been the main offender in bringing China's deficit to a record US$7.61 billion as imports have surged in recent years since the liberalisation of the country's economy in 1978. These efforts will need to be persistent if Beijing is to deal with the growing trade imbalance.

Nomura suggests that China should consider boosting its services exports, such as tourism. Additional measures that will have to be implemented will include the need for an increase in its external borrowings and further bond issues.

Nomura expects China's gross domestic product to slow to an annual 7.5 per cent during the current economic plan from 10 per cent in the last plan.

Also, China's successful handling of its economy will depend on whether the utilisation of economic measures, such as exchange rates and tariffs, becomes more important than the use of administrative measures, such as the trade licensing system.

Turning in more detail to projections of China's imports, Nomura says "the composition of major items of imports will change substantially in the next five years." "Capital goods imports will be given priority over consumer goods, since China will demand a lot of raw and intermediate materials input in order to support its manufactured products, exports and import-substitution industry."

Steel will be one of the major items in demand. Official estimates put the country's consumption of raw steel at 100 million tonnes by 1990, whereas local production by then will only be 55-58 million tonnes. Thus imports of steel are expected to triple last year's level to 40 million tonnes in 1990.

Normura says China's burdensome foreign exchange problems, persisting because of the trade imbalance, will result in continued restraints on consumer imports.

However, China "should be careful that the restraint on consumer imports may lead to an inefficient domestic consumer goods industry, thus reducing the incentive to introduce new technology."

Normura also expects China to maintain the imports of feed grains due to low world prices. Moreoever the increase in intake of animal products in the general Chinese diet should lead to a growing domestic demand for animal products. However, imports are not expected to be high because China is able to maintain a "high comparative advantage in the food industry."

SHEKOU INDUSTRIAL ZONE FACES DECREASING INVESTMENTS

HK190319 Hong Kong HONG KONG STANDARD in English 19 Jun 86 BUSINESS STANDARD p 1

[By Eva To]

[Text] The Shekou Industrial Zone of China is facing a major setback in its development as a result of the country's brake on capital investment and new funding. No investment agreement has been signed for the zone so far this year and the zone's authority recently sent out three teams to woo overseas investors, apparently to correct this situation. This compares with more than 20 investment deals struck last year and a total of 209 investment contracts signed since the opening of the zone in 1979.

Situated in west of Shenzhen, the 10-square-km zone is developed by the state-owned China Merchants Steam Navigation Co (CMSN), a commercial arm of the Ministry of Communications of China. China Merchants Holdings Deputy General Manager Mr Wang Shi-zhen told BUSINESS STANDARD in Shekou yesterday that though no investment deals has been reached for Shekou so far for 1986, a number of negotiations are undergoing. He explained that this situation is largely a result of the "more prudent attitude" of the zone authority in conducting investment deals.

However, vice-chairman of the Shekou's administrative committee Mr Wang Jing-gui seems to be more open in admitting the trend of investment slowdown. Though more than 20 investment contracts were signed for 1985, he expects less than 10 to be struck for 1986. Mr Wang Jing-gui believes that Beijing's recent tightening policy on capital investment and credit squeeze have rendered it more difficult to obtain funding for new projects.

Other China watchers felt the country's new export control has made the processing of export-led investment applications a more complicated exercise, thus prolonging the time needed for approval.

In a bid to curb parallel trading, specific approval or "export licences" are required from the country's foreign trade authority for all existing and new export-oriented projects. From February 1986 onwards, the country's export control scheme further expanded to cover a total of 235 export items. Mr Wang Jing-gui said while approval for new projects used to take a month, it can now take as much as half a year.

Four special economic zones were set up in southern China in 1979 to attract foreign capital and technology by offering more favourable investment terms than those available in the rest of the country. Mr Wang Shi-zhen further said that three special teams were sent last month to US, Singapore and Japan, respectively, to talk to potential investors interested in Shekou -- as well as to get a general study of the latest technology development of these countries.

He added that US and Japan have been most responsive to these calls for investment, though no deal has yet been realised from these trips. He said the priority areas for foreign investment is electronics, building and food industries as well as back-up service for the south China oil fields.

Since 1979, a total of 209 investment contracts have been signed for Shekou, of which 109 were joint ventures with foreign investors. This stands for a total investment of US$2.4 billion, of which US$1.6 billion was from overseas. Sixty projects have started their production so far and 15 more is expected to follow suit within the year, Mr Wang Shi-zhen pointed out.

GUIZHOU PLANS TO COUNTER BACKWARDNESS, BAD IMAGE

HK200523 Hong Kong SOUTH CHINA MORNING POST in English 20 Jun 86 BUSINESS POST pp 1, 5

[Report by Olivia Sin, "Recently in Guizhou"]

[Text] China's southwest province in Guinzhou has ambitious plans to speed up its economy and to shed its image of backwardness. The cash-starved province will also adopt more aggressive tactics to attract foreign investment and advanced technology.

Under China's five-year plan ending in 1990, Guizhou's economy is projected to grow at a faster pace than the nation's average. The province's total industrial and agricultural output is expected to grow at an annual rate of eight per cent over the five years, compared with the target of 6.7 per cent for the country as a whole. Guizhou's gross domestic product is planned to increase by 8.6 per cent yearly, or 1.1 per cent higher than China's annual GDP growth, in the period. An annual increase of 15.3 per cent in the province's exports is envisaged, against the national average of 8.1 per cent.

Senior Guizhou officials said the higher growth rate is necessary to narrow the gap between the province and the more developed coastal areas. In a recent briefing to a group of Hong Kong reporters, the vice-governor of Guizhou, Mr Liu Yulin, admitted that the province is backward.

Only part of Guizhou was opened to foreign visitors in late 1982, and the lack of infrastructure has hindered the growth of tourism and businesses. Mr Liu had no illusions about the province's development, saying it will take years for it to catch up with China's advanced provinces. But he is confident Guizhou's wealth of mineral resources and abundant power supplies will compensate for its weaknesses. The province has more than 60 kinds of minerals and is the country's top producer of some of them. These include mercury, silica, coal, phosphorus, bauxite and antimony.

However, analysts said the low prices of some of these raw materials, for instance coal, will probably hamper investor's interest in the province for the time being.

Guizhou also has abundant hydroelectric power and is one of the few areas in China which has surplus electricity that it can supply to its neighbours.

But, like other inland provinces, Guizhou suffers from inadequate transportation, accommodation and telecommunications facilities. According to Mr Liu, a chronic shortage of funds and lack of trained technical personnel are the two major obstacles facing the province.

Since the central government has no plans to dramatically increase its investment in Guizhou, the province will need to rely on its own initiatives to raise funds for development. Mr Liu said it plans a drive to attract foreign investment and hopes to raise more funds through co-operation with other provinces.

Total fixed-asset investment in Guizhou's state-owned enterprises is expected for each 8.226 billion yuan (about HK$19.7 billion) over the next five years, an increase of 16.8 percent on the previous five years.

The figure is small compared with the 44 billion yuan investment planned in Guangdong over the same period, but one of the central planks of China's economic reform is to help advanced provinces build up their wealth and let this filter through to the backward areas later.

Beijing normally provides subsidies to backward provinces to improve their economies, with a sum of 800 million yuan going to Guizhou last year. But the figure is likely to decrease, according to Mr Liu, since the province has been asked to create its own wealth. "We had blood transfusions from the central government in the past, but we have to make our own blood from now on," he said.

To strengthen ties with foreign businessmen, Guizhou will stage its first export products fair in Hong Kong in August. A senior delegation of provincial officials will come to Hong Kong to hold talks with foreign businessmen on various projects, including mineral exploration, to tourism and food processing. The province will also open a trade representative office, Guida Co, in Hong Kong shortly.

Guizhou officials are attaching special importance to the trade fair, which they hope will bring the province more than US $20 million worth of orders.

Diesel engines are also manufactured in the province, and as a centre for the manufacture of military equipment, Guizhou possesses some of China's most advanced technology, including that used in the manufacture of defence aircraft.

However, the bulk of its industries are backward and inefficient.

In an attempt to train more skilled workers, Mr Liu said the province will raise its allowance to tertiary education institutes by 20 per cent a year from now on. The sum this year is 20 million yuan.

CHING PAO ON LITERATURE, ART FEDERATION REORGANIZATION

HK180747 Hong Kong CHING PAO in Chinese No 109, 10 Jun 86 pp 49-51

[Article by Mo Ming-chi -- "Zhongnanhai Orders Reorganization of the Literature and Art Federation" -- written at the Huaqiao Hotel, Beijing on 30 May 1986]

[Text] "More often than not, the valiants whom I admire are covered all over with bruises and nailed to the cross. However, when they descend from the cross, they can still run and charge everywhere as before like wounded, unyielding lions." "With four seasons in the year, the earth becomes beautiful. If there are four seasons on the earth, it must be so with man. Demanding that people be always beaming with smiles will distort the world of man." -- quoted from prose by Liu Zaifu.

Recently, the "Ma Ding incident" and the "Liu Zaifu incident" occurred on the mainland. Since then many CPC leaders of the higher echelons have, one after another, issued enlightened statements allowing contention in academic theoretical work. People can easily see from this move that the old forces, with the old-timer theoretical authority as the head of the former director of the Central Propaganda Department, who stopped at nothing to "eliminate pollution", as the backbone, have found themselves in an unsecure position.

CPC Orders Reorganization of the All-China Federation of Literature and Art Circles

According to authoritative sources, Zhongnahai recently ordered reorganization of the leading party committee of the All-China Federation of Literature and Art Circles, dismissed Zhao Xin from his post, and appointed middle-aged composer Wu Zhuqiang as secretary of the association's leading party committee, thus cleaning up the leading body of the All-China Federation of Literature and Art Circles, which has been long dominated by the "leftists" and riddled with numerous conflicts between different factions. According to the analysis of Beijing observers, the higher echelons of the CPC made this a decision with a view to making concerted efforts to pursue a more liberal policy in the ideological field.

What sort of a person is Wu Zhuqiang, who is 55 years old? He is the younger brother of Wu Zhuguang, "child prodigy" playwright of the older generation, president of the Central Conservatory of Music, and composer of the famous opera "Fish Beauty." Although Wu Zhuqiang was sent to Leningrad in the Soviet Union to study how to write music when he was young, he and most Chinese intellectuals still had a mutual affinity, rather than being muddled by eating delicious Russian black caviar. The general opinion of the Central Conservatory of Music shows that Wu Zhuqiang is a man of new ideas who enjoys a high reputation in his career. As everybody knows, Fu Cong, the outstanding pianist who "left his court," twice returned home and gave lectures and taught students in Beijing and Shanghai is directly related to President Wu's efforts and support.

What sort of a person is Zhao Xin? As a veteran underground party member and an activist of the "military play-performing team," he has a glorious page of history in the revolutionary struggles during the periods of the war of resistance against Japan and the war of liberation. However, from the end of the seventies, he closely followed the theoretical authority and the former director of the Central Propaganda Department.

In particular, during the upsurge of the "leftist" tide, he made a stormy sea stormier or fanned the flames of disorder for the purpose of pushing aside enlightened cultural workers and of "being draped with the imperial yellow robe by his supporters" in the All-China Federation of Literature and Art Circles, as people said. We leave aside his activities of "following the old track with new shoes" in the literature and art world and his participation in attacking Zhou Yang, Xian Yan, and Chen Huangmei.

In summer and autumn of last year, when the modern drama "Wm (We)" was covertly banned from being staged by the VIP's who had not discarded their "leftist" habits, because the secretariat of the Chinese Dramatists Association supported the trial performance by the Chinese dramatists and artists society, he put pressure on secretaries Zhang Ying (Zhou Enlai's long-time secretary and wife of Zhang Wenjin, former ambassador to the United States) and Wang Zheng (a dramatist who was labeled as "a rightist" and son of a revolutionary family) by every possible means, alleging that the latter violated discipline concerning foreign affairs by giving a press conference to foreign journalists" and threatening to expel him from the party.

In mid-May, a week before the dismissal of Zhao Xin was announced, at an enlarged meeting of the All-China Federation of Literature and Art Circles, Zhao still truculently said that investigation should be conducted to affix responsibility on the leading body of the dramatists association for the cause of "Wm (We)." (Zhao Xin was once "head" of the Chinese Dramatists Association and was later replaced by dramatist Liu Housheng.) At a meeting, poet Feng Mu openly exposed his evil practices of "playing underhand tricks" and urged him to repent and mend his ways. The current decision to dismiss Zhao Xin from his post taken by the policymakers of the CPC's higher echelons is indeed happy and welcome news to the cultural workers on the mainland.

There Will Gradually Be a "Relaxed" Environment in the Ideological Field

What merits more attention is that there will gradually be a "relaxed and harmonious" atmosphere on the mainland's ideological front. This is naturally closely related to the CPC's handling of the "Ma Ding incident" and the "Liu Ziafu incident." I would like to state the causality and interrelations of these two things.

It is strange to report that people in the cultural, education, and theoretical circles on the mainland spontaneously say: "Nanjing University is truly an institute of higher learning where people of talent have come forth in large numbers." They even say: Kuang Yaming, the old president of "Nanjing University," is a man of "boundless beneficence" who has trained many intellectuals, characterized by lively thinking, who dare to speak out and to break through. Why is the university, which is situated at the foot of Nanjing's Miming Temple, called a place where "people of talent have come forth in large numbers?" Apparently, this is related to the first opportunity for combat seized by his excellency Deng after he was reinstated in the summer of 1978, an opportunity to reverse the course of events, that is, "practice is the sole criterion for testing truth."

This topic was assigned by Hu Fuming, a young lecturer in Nanjing University's Philosophy Department. His excellency Deng cleverly added the word "sole" to the topic, which started the great change of bringing order out of chaos. This debate on the "criterion of truth," which was arranged by Deng Xiaoping and personally organized by Hu Yaobang, eventually led to the formulation of a realistic line and a series of liberal policies by the 3d Plenary Session of the 11th CPC Central Committee. Six years have passed since then.

On 3 November last year, Ma Ding (the pseudonym of Song Longxiang) was the first to ask difficult questions when he published his article "Ten Major Changes in China's Study of Economics" in GONGREN RIBAO, openly advocating that "it is necessary to be bold in importing Western economic theories, including those of J. M. Keynes'." As luck would have it, he is also a young lecturer in Nanjing University's Philosophy Department. This young man, who dared to speak out and did not fear being labeled as "departing from the classics and rebeling against orthodoxy," explained in simple terms some policies and social phenomena (production and the market) which had appeared since China's economic reforms moved from the countryside to the cities. Just as in the early twenties, when Lenin implemented his new economic policies on a big scale in Soviet Russia, it cannot be denied that some capitalist economic factors exist in socialist China. Over the last 6 years, how many capitalist elements have actually emerged in the areas ranging from production to commodity exchange, ownership, economic management, and trading methods, and how many questions cannot be explained by the classical work "Das Kapital?" I am afraid these questions are difficult to answer.

Whether CPC leaders of the higher echelons or economists, all agree now that it is better to sum up experience after much practice and then to raise practical experience to the level of theory. Now that Mao Zedong's political economics has long landed the Chinese mainland in the quagmire of poverty and backwardness, why can his successors not categorically discard his "classical text of communism in poverty" and seek a way out? Moreover, there is not yet any fixed model for socialism in the world. The economy of the Soviet Union, which has won victory in its revolution for 69 years, is still developing in "a lopsided way." The cry for "change" has been heard everywhere in East European countries.

Why Does Zhongnanhai Protect Ma Ding?

The several rounds of debate, launched following the publication of Ma Ding's article, and the will of the peole have long shown that Hu Qiaomu's further performance of "brandishing his arrogance-deflating big stick" went against the trend of the times and run counter to the current situation of reform. One may well say that he showed no understanding of the times. In his instructions on a report, he regarded "the social trend of thought" represented by Ma Ding as a great crime and said that it was necessary to "criticize" it. He hardly realized that people with breadth of vision throughout the nation unanimously agreed that "Ma Ding's views" were of positive significance and that even if there were anything open to discussion in his views, contention and exploration should be allowed to be conducted on a really equal footing under the principle of academic freedom, and no VIP's should set the tune for launching any criticism against his views.

Hence, there appeared articles in JIEFANGJUN BAO (8 March), Shanghai's WEN HUI BAO (2 April), and in RENMIN RIBAO, "mouthpiece" of the CPC Central Committee, articles which resisted Hu Qiaomu-type criticisms and which were opposed to the practice of "intimidating people by abusing one's power." The fact that economist Yu Guangyuan and other economic workers and Premier Zhao Ziyang protected Ma Ding, and that General Secretary Hu Yaobang "agreed" with Premier Zhao about supporting free contention in academic (economic theoretical) matters also reflects the determination of the liberal-minded leaders at Zhongnanhai to resist rigidity in thinking and to safeguard the results of the reform.

Many persons with breadth of vision have pointed out: Judging from the debate sparked by the "Ma Ding incident" and Zhongnanhai's support of free exploration in the academic and theoretical world, the current academic and theoretical explorations will be another ideological emancipation following the discussion of the "criterion of truth," and its influence will be far-reaching.

Why Is the "One Magazine" Still Cherishing the Old Ways?

As for the speech delivered by Liu Zaifu at a session of the national CPPCC committee this spring (that is, "Eight Suggestions on Cultural Problems"), on the one hand, liberal-minded people in the cultural community unanimously acclaimed it, and on the other, some conservatives were furious at it. Of the same nature as the "Ma Ding incident," this incident is a reflection of the struggle between the reformers and counterreformers in the cultural sphere and also an engagement taking place in the CPC's higher echelons.

In his 15,000-character article published in HONGQI No 8, 1986, Chen Yong (a "leftist" theoretician and "a red little devil" who grew up in Yanan, and who was mistakenly labeled as a "rightist" in those years) criticized Liu Zaifu, a gifted young man in the literature and art circles, by name. This shocked the cultural world and made people in those circles terrified. Some people even mistakenly thought that Qu Benyu (the champion of the "Great Cultural Revolution" who was appreciated by Mao for making his name known throughout the nation by criticizing Wu Han and Luo Ergang), was revived in a new guise. However, this was not the first time the 45-year-old Liu Zaifu, director of the "Cultural Studies Institute of the Academy of Social Sciences," a specialist in Lu Xin studies, and a writer of prose, had been criticized by the great "leftist" masters as the leading exponent of "bourgeois liberalization."

Last year, when "purging" Wang Ruoshui and Wang Ruowang and directing the campaign against Liu Binyan, the theoretical authority and the former director of the central propaganda department suddenly found that a certain person was bent on propagating "bourgeois humanism" (of course, Deng Pufang's views on humanism are not included) and, moreover, this person was a newly appointed leading cadre who was a literature and art theoretician. Therefore, they once again wielded the magic wand of "combating bourgeois liberalization" and fiercely criticized Liu Zaifu. This time they put literature and art theoretician Chen Yong on the stage and used the party magazine HONGQI as the arena so as to build up a greater momentum of criticism.

It is strange to say that through repeated reorganization and transformation over the last few years since the 3d Plenary Session of the 11th CPC Central Committee, of the "two newspapers and one magazine" (that is, RENMIN RIBAO, JIEFANGJUN BAO, and HONGQI), so-called during the Great Cultural Revolution, the "two newspapers" have changed their guidelines concerning editorial work, gradually shifting their stand to the forefront of the struggle "against leftism," or at least they no longer pursue "leftist" absurdities. Only HONGQI failed to make progress after stalling for a long time. As the CPC Central Committee's theoretical magazine, apart from some party officials who read it, almost no intellectuals read this "authoritative" magazine. (At present it is hard to buy a copy of HONGQI at the numerous newspaper stalls on Beijing's streets. It can thus be seen that the people are no longer "interested" in it.)

While the "two newspapers" are making progress, why is the "one magazine" still cherishing the old ways? The reason behind this state of affairs is simple. The magazine has always been in the firm grip of the "powerful authority," and its number one man was the man of the hour during the "Great Cultural Revolution." Such being the case, it is not strange at all that some people wittily say: "HONGQI criticized Liu Zaifu using a 10,000-character-long article. This is an honor to Liu Zaifu."

Intellectuals Have Changed From Daring To Think to Daring To Debate

In fact, of Liu Zaifu's "eight suggestions", two are the most crucial. One is that a cultural atmosphere consonant with the "four modernizations" program (that is, a liberal phenomenon characterized by harmony, free exploration and discussion, no wielding of big sticks, and no blacklisting) should be created and, above all else, leaders should not be content to play the role of a "guard" or a "referee." The other is that there are numerous unhealthy practices in the cultural world, which are all encouraged or created by high-ranking cultural officials, such as that "a statement by an individual official means the final judgment on a literary work." These two suggestions are bound to enrage the high-ranking cultural officials and theoretical authorities who are used to making indiscreet remarks or criticisms everywhere and to easily flashing "the yellow card as a warning." As I see it, Liu Zaifu's remarks are mild and polite enough.

For quite some time in the past, some CPC high-ranking officials in charge of ideological departments have modeled themselves after Zhdanov, the famous hatchet man in the Soviet cultural community, and constantly defended traditional moral principles and upheld the law, and there is even a tendency of the pupil surpassing the master among them. The results of the "debates" and "mass criticisms" carried out over the last 36 to 37 years in the fields of literature and art, culture, and social scientific theory were eventually that the people concerned were either "branded with political labels," "sent to the countryside to do manual labor," "dismissed from their posts and dispelled from the party," or "put behind bars."

The instances of high-ranking cultural officials riding roughshod over the people are too many to mention individually. When thinking of these malpractices, people still feel bitterly depressed. Now they unexpectedly forbade Liu Zaifu to touch on past events already known to all. Does this not mean intending to practice cultural autocracy and the policy of keeping the people in ignorance once again?

However, times have changed and the will of the people has also significantly changed. The policy of opening up to the outside world has enabled people to widen their field of vision and his excellency Deng's "Theory on Practice" has heightened the courage of intellectuals to speak out and to debate, as well as daring to think. In this situation, not only does Chen Yong's big stick not work, but the VIP's behind him are also overshadowed. Since the last 10 days of April, Zhu Houze, the current director of the Central Propaganda Department, has made four speeches containing liberal views. Hu Qili, a vital, real power-holder, appreciated and protected Liu Zaifu. When speaking at a forum attended by writers and artists in Shanghai in April, he vigorously advocated that "it is necessary to create an atmosphere of unity, harmony, and mutual trust and understanding." All this indicates that the "double hundred" principle will be further implemented.

However, the intelligentsia in Beijing have novel and incisive views on how to genuinely implement the "double hundred" principle. RENMIN RIBAO carried Yu Haocheng's article entitled "The Double-Hundred Principle and Legal Guarantees" on 30 May. The article says: The double-hundred principle is, in reality, a principle designated to practice political democracy in the ideological and cultural spheres. The key to the smooth implementation of the double-hundred principle lies in developing socialist democracy and achieving real political democratization. If discussion is encouraged in settling academic issues but if political issues are still regarded as a forbidden zone, "democracy of a higher level" will mean engaging in theorizing. Does the party newspaper's publication of Yu's article indicate that political democratization will be gradually carried out? Let us wait and see.

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HU YAOBANG COMMENTS ON PRC 'DISTRUST' OF USSR

HK220744 Hong Kong AFP in English 0736 GMT 22 Jun 86

[By Pierre-Antoine Donnet]

[Excerpts] Beijing, June 22 (AFP) -- China remains distrustful of the Soviet Union, holding that Moscow's actions do not match its words when it comes to normalization of relations, East European sources here said.

During a meeting early this month with the speaker of the Polish Parliament, Chinese Communist Party (CCP) chief Hu Yaobang spoke at length about Beijing's distrust of statements coming from Moscow purporting to favour normalisation of Sino-Soviet relations, the sources said. Mr Hu told Roman Malinowski during a two-hour meeting that despite Moscow's repeated calls for improvement in relations with Beijing, Soviet spy planes continued to gather information about China. "The Soviet Union talks a lot about improving and normalising relations with China but at the same time continues activities such as flying spy missions against China. Since the beginning of this year we have counted about thirty of them," Mr Hu was quoted as saying. The sources said that Mr Hu, who brought up the subject with his Polish guest, added: "The Soviet Union says one thing and does another."

Mr Malinoswki, who heads the Polish Peasants' Party allied to Poland's Communist Party, was here between June 5-13 leading the first Polish parliamentary delegation to China since 1949.

Throughout his tour of Britain, West Germany, France and Italy which ends Monday, Mr Hu has said that Sino-Soviet economic relations were developing rapidly, but that in the political sphere no substantial progress had been made.

Another Chinese official who met with Mr Malinowski urged Poland, despite its close ties to the Soviet Union, to put pressure on Vietnam to withdraw its troops from Cambodia. "China hopes that the Polish comrades will ask Vietnam to withdraw its troops from Cambodia," Ye Fei, vice-president of the National People's Congress, was quoted as saying. "Only then could relations improve between China and Vietnam," he added. "It is intolerable that a socialist country should commit an act of aggression against another socialist country. Cambodia is one example of this and our position is that the country must be governed by its own people," Mr Ye said.

Noting that China and Vietnam had been "like two brothers" in the 1950's and 1960's, Mr Ye said that relations between the two countries were now in "very regrettable" shape, a direct result of Hanoi's invasion of Cambodia in late 1978.

Chinese Foreign Minister Wu Xueqian has accepted an invitation to visit Poland next year, according to the sources who said he was likely to take the opportunity to also pay official visits to Bulgaria and Czechoslovakia. Mr Wu returned early this month from visits to East Germany and Hungary, the first visit to Soviet bloc countries by a Chinese diplomatic chief in a quarter of a century.

Alongside a gradual improvement in relations with Moscow, Beijing has begun to seek a rapprochement with Eastern bloc countries, and has said on several occasions that it is ready to establish party-to-party relations with Eastern Europe, exclusively the Soviet Union.

RENIMN RIBAO HAILS DPRK PROPOSAL ON TALKS

HK220411 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 22 Jun 86 p 6

["Short Commentary" "Positive New Proposal"]

[Text] On 17 June, the DPRK People's Army Supreme Headquarters issued a press release proposing talks between North Korean, U.S., and South Korean military authorities in order to alleviate the tension on the Korean peninsula, to ease the confrontation, and to create favorable conditions for the peaceful reunification of Korea. This has been another positive move taken bythe DPRK since the beginning of this year with a view toward promoting the peaceful reunification of its motherland. This proposal has great positive significance for easing the military confrontation between the North and the South, for alleviating the tension on the Korean peninsula, for resuming the dialogue between the two sides, and for introducing a new, peaceful situation. The Chinese people completely endorse this proposal.

Since 1985, thanks to the unremitting efforts made by the DPRK and the responses made by South Korea, there have been several economic talks between the two sides, Red Cross talks, and preparatory talks for a joint session of their assemblies. The first exchange of visits between North and South Koreans and their relatives in the South and the North in the 41 years of the division of the country had brought about an encouraging situation on the Korean peninsula. It is regrettable that paying no heed to North Korean advice and warnings, the U.S. and South Korean authorities conducted a large-scale joint military exercise in February this year as scheduled, thus introducing an uneasy atmosphere on the Korean peninsula and leading to the suspension of the dialogue between the North and the South.

In its press release, the DPRK People's Army Supreme Headquarters points out that the tension on the Korean peninsula must be alleviated as quickly as possible and that "only by alleviating the military tension can the suspended dialogue be resumed under favorable circumstances." The purpose of the new DPRK proposal for trilateral talks between the military authorities is precisely to break the deadlock, to seek the reopening of the dialogue, and to seek an appropriate way to achieve peaceful reunification on the basis of mutual trust. North Korea indicates that so long as they are favorable to peace, all U.S. and South Korean proposals can be discussed. This once again shows that Northern Korea is sincere. Over the past few days, the new proposal put forward by North Korea has aroused international attention. People are looking forward to a positive U.S. and South Korea response to it.

TIAN JIYUN MEETS JAPANESE BUSINESSMEN 19 JUNE

OW191356 Beijing XINHUA in English 1331 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) -- Chinese Vice-Premier Tian jiyun met here today Masami Kadota, president of the Electric Power Development Company of Japan, and his party. The Vice-Premier expressed his appreciation of the Japanese firm's enthusiasm for cooperation with China in the field of electric power. He also expressed his hope for increased coal trade between China and Japan.

The Japanese entrepreneurs arrived Tuesday at the invitation of Wang Zhen, honorary president of the China Association for International Friendly Contacts, who gave a dinner today at the state guesthouse for his guests.

FURTHER REPORTAGE ON HU YAOBANG'S EUROPEAN TOUR

Briefs Craxi on Foreign Policy

OW201414 Beijing XINHUA Domestic Service in Chinese 0649 GMT 20 Jun 86

[By reporter Huang Changrui]

[Text] Rome, 19 Jun (XINHUA) -- Italian Prime Minister Craxi held a grand banquet tonight at Villa De Madama in honor of the visiting Chinese Communist Party General Secretary Hu Yaobang.

Craxi spoke first, warmly welcoming Hu Yaobang's visit to Italy. He said: Hu Yaobang's visit "shows the importance of consultations between China and the European Community which serve to keep the world in balance." He said: "China is an important factor of great wisdom and moderation which plays an active role in reinforcing cooperation on an international scene fraught with tension and crises."

On bilateral relations, Craxi said: There is no dispute between Italy and China. On major international issues, especially those which concern peace, stability, and security, "there exists an encouraging convergence of their points of views." He pointed out: With the support of the two governments, trade between the two countries has greatly expanded in recent years. The cooperation between the two countries in the fields of science and technology is rapidly developing.

In his speech, Hu Yaobang reviewed the long history of friendly exchanges between the two peoples. He went on saying: "Sino-Italian trade in 1985 was already in the forefront in trade among various Western European countries. The two '3-Year Plans for Cooperation and Development' and the Plan for Technical and Scientific Coopeation between the two countries are being effectively implemented, cultural exchanges and contacts between civilians of the two countries are also on the increase. Your country has adopted an open-minded approach on technology transfers and a positive attitude in providing loans and grants and in setting up joint ventures. All this is farsighted and conducive to promoting common development. There is no conflict of fundamental interests, and there are no outstanding issues between Italy and China. They only have a common desire to continuously strengthen friendship and cooperation. There are broad prospects for Sino-Italian relations based on the principles of mutual respect, equality and mutual benefit."

On China's foreign policy, Hu Yaobang said: "to oppose hegemonism, safeguard world peace, develop friendship and cooperation with all other countries and promote common prosperity is the aim of our foreign policy. World peace is indivisible while the security of all nations is closely interrelated. As an Asian nation, China is concerned with peace and stability in Asia. At the same time, it is also concerned with peace and stability in Europe and the Mediterranean because they are vital to world peace."

He emphatically pointed out: "When it comes to those vital issues such as peace and development, all countries should have a say on the basis of equality no matter whether they are big or small, rich or poor, strong and weak. All of them should be able to make their own contribution. World affairs should not be left at the mercy of the superpowers. Now more and more nations are determined to grasp their destiny in their own hands and engaged in active moves to curb aggression and prevent war. This makes us believe that the cause of working for a lasting peace in the world is full of hope." At the end of his speech, Hu Yaobang said that he was eagerly looking forward to Prime Minister Craxi's third visit to China at an earlier date.

Chinese Vice Premier Li Peng, Vice Chairman Fei Xiaotong of the Chinese National CPPCC Committee, and Chinese Ambassador to Italy Du Gong attended the banquet on invitation. Also present at the banquet were Italian Minister Without Portfolio for Scientific and Technological Research Granelli; Minister of Tourism and Public Entertainment (Pandolfi); Minister of Rural Development Lagorio; and famous Italian singer Pavarotti who is scheduled to visit China soon.

Meets Italian Parliament Leaders

OW210118 Beijing XINHUA Domestic Service in Chinese 1631 GMT 20 Jun 86

[By reporters Yu Jiafu and Huang Changrui]

[Text] Rome, 20 Jun (XINHUA) -- Hu Yaobang, general secretary of the CPC Central Committee, met with Fafani and Jotti, the presidents of the Senate and the Chamber of Deputies of Italy respectively, in their offices this morning. During his conversation with Fafani, Hu Yaobang said that Mr Fafani was one of the first Italian leaders to visit China and that Mr Fafani has made important contributions to the growth of Sino-Italian friendship.

Fafani said that China is playing an increasingly important role in international affairs, and people are paying more attention to its voice of justice.

During his conversation with Jotti, Hu Yaobang said: "Our domestic and foreign policies are correct. Some people outside China might have some doubts about the correctness of our policies, but now fewer and fewer people do as time goes by."

Jotti said: "I visited China 3 years ago [as received] and great changes have taken place since then." Hu Yaobang said: "We welcome you to visit China again."

Earlier in the day, Hu Yaobang met with Italian Foreign Minister Andreotti and Defense Minister Spadolini. In the company of Spadolini, Hu Yaobang laid a wreath at the Unknown Martyrs' Tomb of the Motherland's Altar beside the Falazzo Di Venezia in downtown Rome.

Although his schedule was very tight today, General Secretary Hu managed to find time to take a walk along the famous Piazza Navona and appreciated the fountain in the center of the piazza and the magnificent architecture surrounding it. Italian people and foreign tourists on the piazza greeted Hu with smiles; and some of them waved to this guest from afar.

Welcomed by Rome Mayor

OW211431 Beijing XINHUA Domestic Service in Chinese 1641 GMT 20 Jun 86

[By reporters Yang Yuanhua, Li Zhenggang]

[Text] Rome, 20 Jun (XINHUA) -- Nicola Signorello, mayor of Rome, held a grand ceremony at the Rome City Government to welcome General Secretary Hu Yaobang this morning. Both sides spoke at the welcoming ceremony. They extolled the traditional friendship and exchanges between the ancient, civilized Chinese and Italian nations. They pledged to pass on the torch of friendly cooperation from generation to generation and make concerted efforts toward maintaining world peace and prosperity.

In his speech, Signorello extended his warmest welcome to CPC General Secretary Hu Yaobang on his first visit to the Rome City Government. He said: General Secretary Hu Yaobang's visit "is an event of historical significance in Italian-Chinese relations." Recalling the traditional friendship and exchanges between Italy and China, he said that the heroic merchant of Venice, Marco Polo, had contributed to Europe's understanding of the power and greatness of China. The mayor of Rome also praised China for "making immeasurable and irreplaceable contributions" to world peace.

General Secretary Hu Yaobang thanked the Rome City Government for according him the ceremonious welcome and said that he would surely take back home the city residents; profound friendship for the Chinese people. Hang said: "Arriving in Rome -- 1,000-year-old ancient city which has contributed a magnificent civlization to mankind -- I can see for myself not only the grandiose vestiges of ancient Roman civilization but also the great achievements of contemporary culture, science, and technology. He added: "After going through all the vicissitudes, Rome has become even more lively and prosperous. This vividly shows the everthriving creativity of the Italian people."

Recalling the age-old relations between Rome and China, he said: "Today, nearly 2,000 years from our first contact, our relations far exceed that of our ancestors. In recent years, Rome has occupied a proud place in the promotion of Italian-Chinese friendly cooperation." Referring to the inauguration of the Beijing-Rome flight by the Civil Aviation Administration of China by the end of June, he called it the air "silk road" of the 20th century.

He concluded: "In those ancient times, our ancestors went through much hardship to establish friendly contacts. Today, we are obliged and, at the same time, in an even better position to greatly promote the friendship between our two nations for the common benefit of our peoples and in the interests of world peace. Let us make concerted efforts to pass on the torch of Sino-Italian friendship from generation to generation."

The major and Hu exchanged gifts at the welcoming ceremony. The gift given by the mayor was a brass statue of the "she-wolf and the infants" -- the insignia of the city of Rome. The gift given by General Secretary Hu was a large porcelain plate bearing the portrait of the great Italian poet Dante.

After the ceremony, General Secretary Hu visited, in high spirits, the museum of the city government and the study of the mayor in the company of Signorello. On the balcony of the study, he had a panoramic view of the vestiges of the ancient Roman plaza.

Meets President Cossiga

OW202354 Beijing XINHUA in English 2332 GMT 20 Jun 86

[Text] Rome, June 20 (XINHUA) -- Italian President Francesco Cossiga met Chinese leader Hu Yaobang here today for talks on bilateral relations and cooperation, East-West relations, and the Afghanistan and Kampuchea issues, Chinese and Italian officials said.

Hu, general secretary of the Central Committee of the Communist Party of China, flew in Thursday for a five-day official visit, the last leg of his 16-day four-nation European tour which included Britain, Federal Germany and France.

A spokesman for the Chinese Foreign Ministry said the two leaders expressed satisfaction over the development of friendly relations between the two countries and they were full of confidence in the bright prospects of future Sino-Italian cooperation.

A press official of the Italian presidential palace said Cossiga also discussed with Hu East-West relations, and the Afghanistan and Kampuchea issues. The meeting was followed by a luncheon hosted by Cossiga. Later in the afternoon, Hu called on former Italian President Sandro Pertini.

Meets Former Italian President

OW212157 Beijing XINHUA Domestic Service in Chinese 0628 GMT 21 Jun 86

[By reporters Yu Jiafu and Huang Changrui]

[Text] Rome, 20 Jun (XINHUA) — Hu Yaobang, general secretary of the CPC Central Committee, who is visiting here, called on former Italian President Pertini this afternoon at the (Justiniani) Palace.

Pertini, 90 years old, insisted on meeting with Hu Yaobang in the office the government provides him. When he saw Hu Yaobang, he asked in a cordial tone: "How is China?" Hu Yaobang replied: "China is doing very well. It is stable politically, and its economy is developing. Since you are an old friend of the Chinese people, I must see you while I am visiting your country."

Pertini said: "I hope to see China do well. The visit I made there several years ago was exceptionally inspiring. I will never forget my trip to China." In particular, he stressed that his meeting with chairman Deng Xiaoping was unforgettable.

When Hu Yaobang inquired about Pertini's daily life, the latter said: "Very good. I can sleep and eat." Hu Yaobang said: "We are very glad to hear that. Chairman Deng Xiaoping asked me to convey his regards to you."

Then Hu Yaobang presented a pair of jade cranes to Pertini as an expression of hope for good health and longevity. Pertini rose to receive the gift and said to Hu Yaobang: "Please give my kindest regards to Deng Xiaoping and the great Chinese people."

Before Hu Yaobang's departure, Pertini kissed him on the cheek and said: "Best wishes to China and to yourself!" Although Hu Yaobang asked Pertini not to see him out, Pertini still insisted on escorting the guest to the door.

Li Peng Meets Bruno Corti

OW210132 Beijing XINHUA in English 0015 GMT 21 Jun 86

[Text] Rome, June 20 (XINHUA) -- Chinese Vice-Premier Li Peng met Italian Vice-Foreign Minister Bruno Corti here this afternoon for talks on bilateral, economic and trade relations, Chinese sources close to the talks said. The Chinese vice-premier is here accompanying Chinese Communist Party leader Hu Yaobang on an official visit.

During the talks, the two men explored ways to further expand economic and trade cooperation between their countries.

Both of them expressed the hope that the two countries strengthen cooperation on the basis of the existing good relations of cooperation.

Earlier, Li Peng met with President of the Italian concern IRI Group Romano Prodi and vice-president of the ENI group Grignaschi respectively. Li Peng said to Prodi that China and Italy have good political relations. As far as economy is concerned, China has abundant resources and there exists much room for cooperation between the two sides.

Prodi said the cooperation between IRI and China has been fruitful and expressed the desire of continuing to be open to China and engaging in long-term projects of cooperation. Li Peng said to Grignaschi that both sides should continue exploring new cooperative projects.

Hu Talks With PCI Leader Natta

OW212019 Beijing XINHUA Domestic Service in Chinese 1501 GMT 21 Jun 86

[By reporters Yu Jiafu and Huang Changrui]

[Text] Rome, 21 Jun (XINHUA) -- Hu Yaobang, general secretary of the CPC Central Committee, held talks with Alessandro Natta, general secretary of the Italian Communist Party [PCI], at PCI headquarters this morning.

After the talks, an official of the International Liaison Department of the CPC Central Committee told reporters that the two sides had held 2 hours of intensive talks in a cordial and comradely atmosphere on the relation between the two parties and a series of international issues, including the European situation.

Hu Yaobang said: We are statisfied with the development of the relations between our two parties based on the principle of full independence, equality, mutual respect, and non-interference in each other's international affairs. The development of our two parties' relations is conducive to further strengthening the friendly relations between our two countries and to world peace.

Hu Yaobang said: "After our two parties resumed relations, two general secretaries of the Italian Communist Party, Berlinguer and Natta, have visited China, and both of them have invited me to visit their party. Now I am very glad to pay this return visit to the Italian Communist Party by taking advantage of my visit to your country."

General Secretary Natta said: "We are very grateful to General Secretary Hu Yaobang for paying a visit to the Italian Communist Party. We value highly this visit made by General Secretary Hu."

He said: For a long time, the Italian Communist Party has regarded the development of its friendly and cooperative relations with the CPC and the Chinese people as the most fundamental component part of its foreign policy. We are glad to have been able to establish these exemplary and open relations with the CPC. We also hope to establish relations with labor parties, social democratic parties, and other parties seeking liberation and democracy of all countries.

Natta said: While reiterating our party's basic policy, we wish to stress all the more the importance of Europe. In our struggle to build socialism, we will strenously seek to reach understanding with other parties engaged in the workers' movement.

Referring to Hu Yaobang's 4-nation trip, General Secretary Natta said that the visit was of vital significance and would have an enormous effect on the development of political, economic, and trade cooperation between principal West European countries and China.

Hu Yaobang said: On this visit to the four West European countries, I have had extensive contacts with people of all communities. This visit is successful, and it has further promoted the long and steady development of China's friendly and cooperative relations with the West European countries.

At the talks, Hu Yaobang briefed PCI comrades on China's political and economic situation, especially the fruitful results of its economic reform.

At 0900 this morning, when General Secretary Hu Yaobang came from the Rome Hotel where he was staying to PCI Headquarters, he was accorded a rousing welcome by General Secretary Natta and other leading cadres of the Italian Communist Party. A young woman presented a bouquet to Hu Yaobang.

The talks took place in the conference room of the Italian Communist Party's Secretariat. On the conference room wall were portraits of Marx, Lenin Gramsci, and Togliatti. Attending the talks were Li Peng, member of the Political Bureau of the CPC Central Committee; Zhu Liang, head of the International Liaison Department of the CPC Central Committee; and Du Gong, Chinese ambassador to Italy.

Attending the talks from the Italian Communist Party were members of the Secretariat of the PCI Central Committee and members of its leading organs, including (Ajily Aukato), (George Napolitano), and Aldo Tortorella, as well as Giancaro Pajetta, member of a leading organ of the PCI Central Committee. At noon today, General Secretary Natta hosted a luncheon party at (Da Finch) Hotel in honor of General Secretary Hu Yaobang.

Holds Press Conference

OW211555 Beijing XINHUA in English 1545 GMT 21 Jun 86

[Text] Rome, June 21 (XINHUA) -- Chinese Communist Party leader Hu Yaobang told reporters here today that his visit to Italy will help further Sino-Italian friendship and cooperation.

Speaking at a one-hour press conference on the third day of his visit to the country, Hu said that his talks with Prime Minister Bettino Craxi and other Italian leaders as well as his meeting with Italian Communist Party General Secretary Alesandro Natta had offered him an opportunity to exchange veiws with the Italians on international issues of common concern and to discuss with them ways of promoting the friendly relations between the two countries and the two parties. As a result, he said, "our mutual understanding has been deepened and our friendhsip reinforced."

His tour of Western Europe, Hu noted, is aimed to seek common ground and not differences. In that regard, said the Chinese party leader, "my visit has proved to be a success."

Asked about the talks he had with the leaders of Britain, Federal Germany, France and Italy, Hu said that despite some differences, he has found there is a common language between them on the fundamental issue facing mankind, i.e., the issue of preserving world peace. Europe, as a strong entity, will be in a position to play a significant and positive part in securing peace on earth, he stressed.

Hu also answered questions on China's foreign and domestic policies, such as China's relations with the Soviet Union, Kampuchea and Afghanistan, China's economic ties with West European countries, and inter-party relations between the Chinese and Italian Communists.

After the press conference, Hu and his party went to a luncheon hosted in his honor by the Italian Communist Party General Secretary. He is to have a meeting with cadres of the Italian Communist Party this afternoon.

Comments on USSR Ties, Other Issues

OW220751 Beijing XINHUA Domestic Service in Chinese 1549 GMT 21 Jun 86

[By reporters Feng Bin, Huang Changrui, Li Zhengang]

[Text] Rome, 21 Jun (XINHUA) -- Hu Yaobang, general secretary of the CPC Central Committee, said at a noontime press conference in Rome today that Europe is "a strong entity," and that there are broad prospects for Sino-European cooperation.

Hu Yaobang said: "If European countries consult each other and coordinate their actions on major issues, they will be in a position to play a significant and positive role in securing peace on earth and expediting common development."

When asked to comment on the prospects for cooperation between China and Europe, Hu Yaobang said: "I think there are broad prospects in the fields of safeguarding world peace and in economic and technical cooperation. As far as China is concerned, it will maintain a steady and lasting momentum for cooperation."

Hu Yaobang also requested Vice Premier Li Peng to brief the press on Sino-European economic cooperation. Li Peng pointed out: The trade voluem between China and the four European countries [that Hu Yaobang has visited] registered a fairly high growth of approximately 30 percent in 1985. We have had discussions on the prospects for economic cooperation with each of the four countries. China needs to import advanced technology and managerial expertise. There will be broad prospects for cooperation in such areas as communications, energy, electronics, telecommunications, metallurgy, and nonferrous metallurgy. There are roughly three methods of cooperation: First of all, China, which has sustained deficits in varying degrees in its trade with the four countries, hopes that they will buy more Chinese goods so that China can pay for its equipment and technology imports. The second method takes the form of extending loans to China on favorable terms. Li Peng thanked Italy for the good work it has done in this area. The third method is to establish foreign-owned enterprises, joint ventures, or multilateral enterprises in China.

Answering a question on CPC-PCI relations, Hu Yaobang said: "Following the resumption of CPC-PCI relations, two PCI general secretaries have visited China and have invited me to visit the PCI. [as received] My official visit to the PCI is fair and reasonable. The CPC and the PCI hold identical views on a broad range of issues. Because of different historical backgrounds and situations, we have differences in some issues. These differences are secondary and will not affect the two parties' friendship and unity. We discussed inter-party relations and each other's viewpoints on major issues. We did not discuss any issues involving Italy's internal problem."

On Sino-Soviet relations, Hu Yaobang said: The development of Sino-Soviet economic and friendly cooperation has been relatively smooth. Both sides are quite satisfied with the progress in this area. China also hopes that there will be normalization in the political area. Regrettably, however, there has been no substantial progress in this regard.

Commenting on the new Soviet leaders' foreign policy, Hu Yaobang said: They have put forward many new proposals, but "I am not sure" whether or not the talks between the Soviet Union and its principal adversary, the United States, can be successful.

Answering a reporter's question on his view about Vietnam's proposal on "troop withdrawal," Hu Yaobang said: "Vietnam has no plan to withdraw its troops from Cambodia; their claim of withdrawing troops is a fraud. It has been 3 years since they said they would withdraw troops from Cambodia. There are now three resistance forces in Cambodia fighting the Vietnamese armed forces, and the Khmer Rouge is one of them. If we write off the Khmer Rouge now, it would mean defeat! World public opinion must not be deceived by this proposal.

Asked whether he had raised the question of China joining the General Agreement on Tariffs and Trade [GATT] during his talks in Italy, Hu Yaobang said the issue was not discussed. He added, however, that since China was one of the GATT founders and the government of the People's Republic of China is the only legitimate government of China, the PRC's proper role in the GATT should be reinstated.

Remarks on Defense Expense

OW211756 Beijing XINHUA in English 1747 GMT 21 Jun 86

[Text] Rome, June 21 (XINHUA) -- Chinese Party leader Hu Yaobang said here today that China will not spend much money on arms purchases although it might import some advanced defense equipment and technology from other nations.

Hu, who arrived here Thursday for a four-day official visit, told a press conference that "China has now concentrated its financial and human resources on its economic development. We will not spend much on arms expansion including arms purchases, for we cannot afford to do so."

Vice-Premier Li Peng, who was also at the press conference, said China is satisfied with the development of economic cooperation between China and West European countries. "The volume of China's trade with West European countries has increased significantly," Li said, adding that China wants to expand economic cooperation with foreign countries in the future, especially in the fields of transport, telecommunications, electronics and metallurgy.

Listing three ways toward better cooperation, Li called on the four European nations they have been visiting to buy more goods from China for a balanced trade; to offer preferential loans to China to enable it to import more; and to invest more in joint ventures or independent enterprises. He expressed gratitude to the Italian Government for providing China with preferential loans.

Referring to China's steel tube project now inviting foreign bidders, he said that there still are opportunities for Italian entrepreneurs to win the bidding for the project if they are more competitive in the offer of preferential loans.

Supports Proposal on Cambodia

OW211739 Beijing XINHUA in English 1732 GMT 21 Jun 86

[Text] Rome, June 21 (XINHUA) -- China supports the eight-point proposal for the peaceful solution of the Kampuchea issue, visiting Chinese Party leader Hu Yaobang said at a press conference here today. The proposal was put forward by the Coalition Government of Democratic Kampuchea in mid-March.

When asked about the Hanoi-vaunted partial withdrawal of Vietnamese troops, the general secretary of the Chinese Communist Party said that the withdrawal is a "swindle" aimed at cheating public opinion.

Hu went on to say that all the resistance forces of the tripartite coalition government are waging armed struggle against Vietnamese aggression, and warned that the world must not be taken in by any attempt to exlude Democratic Kampuchea (Khmer Rouge) from a solution to the Kampuchea issued. If Democratic Kampuchea, the backbone of the armed struggle, is excluded, "which force will be strong enough to resist the Vietnamese aggressors?" he asked.

Hu said that Vietnam has brought destruction and sufferings to the Kampuchean people and China supports the eight-point proposal of the Coalition Government of Democratic Kampuchea headed by Samdech Norodom Sihanouk.

Li Peng Meets Italian Counterpart

OW211854 Beijing XINHUA in English 1849 GMT 21 Jun 86

[Text] Rome June 21 (XINHUA) -- Visiting Chinese Vice-Premier Li Peng met here today with his Italian counterpart Arnaldo Forlani for talks on further Sino-Italian economic cooperation. During the meeting, Li briefed Forlani on China's policy of opening to the outside world, rural reform and the vigorous development of small and medium-sized enterprises.

Forlani told his Chinese guests about the industrial and agricultrual development in Italy, and said that China and Italy have a bright future in their friendly and cooperative relations. They also discussed the prospects of further expansion of economic and technological cooperation between the two countries.

Hu Addresses Italian Communists

OW211922 Beijing XINHUA in English 1907 GMT 21 Jun 86

[Excerpts] Rome, June 21 (XINHUA) -- The sincere and friendly relations based on equal footing between the Communist Party of China (CPC) and the Italian Communist Party (ICP) can be rated as a model of party-to-party relations, General Secretary Hu Yaobang said here today at a meeting with cadres of the ICP.

As comrade Hu Yaobang and Li Peng, vice premier and member of the Political Bureau of the Central Committee of the CPC, Zhu Lian, head of the Liaison Department of the Central Committee of the CPC, and other Chinese comrades arrived at the ICP Rome provincial committee's headquarters in the company of Italian Communist Party General Secretary Alessandro Natta, they were given an enthusiastic welcome by Italian Communists present at the hall.

Paolo Bufalini, member of the ICP leadership, introduced the Chinese comrades to the floor, then ICP Rome Provincial Committee Secretary Goffredo Bettni delivered a warmly worded welcoming speech. Amid loud and lasting applause, Comrade Hu began his speech with a comradely tribute to the ICP and Italian Communists.

General Secretary Hu's 20-minute speech had been frequently interrupted by applause from the floor before his last work aroused an unusually enthusiastic, standing applause. As the meeting which proceeded in a very warm and comradely atmosphere came to an end, the Italian Communists bid a heart-touching farewell to General Secretary Hu and other Chinese comrades.

Hu's Address

HK230924 Beijing RENMIN RIBAO in Chinese 23 Jun 86 p 1

["General Secretary Hu Yaobang's Address When Meeting Italian Communist Party [PCI] Cadres on 21 June 1986" — capitalized passages published in boldface]

[Text]

Dear Comrade Natta,

Dear Comrade Bufalini,

Dear Comrades,

This morning I had cordial and friendly talks with Comrade Natta and other leaders of your party, and now I am very happy to be meeting you comrades here again.

Our two parties were born in the same year. In the past 65 years, the members of the CPC have consistently watched with admiration the long and glorious course followed by your party, which was founded and nurtured by Cranci and Togliatti. During the years of the anti-fascist war, the PCI, together with other democratic forces, waged an extremely arduous struggle, and the glorious achievements of many outstanding party members are still being made today. After the war, your party proceeded from Italy's realities in advocating the unity of all democratic and progressive forces, and waged an heroic struggle to defend national sovereignty and independence, in preserving world peace and security, and in seeking the fundamental interests of the masses. Your party has taken deep root among broad sections of society and enjoys very high prestige in the international workers' movement. Not long ago you successfully convened your 17th national congress. The congress embodied the principled stand in your own hands and displayed an excellent atmosphere of solidarity and democracy and the scientific spirit of rich innovation and bold exploration. As Comrade Togliatti said: "We have come a long way and are going a long way." Today the PCI, with its glorious history, is striding toward a bright future as it continually overcomes difficulties and obstacles on the way ahead.

Comrades, back in the years of the war against facism, our two parties expressed support for each other. Since Comrade Enrico Berlinguer's visit to China in 1980, the traditional friendship and cooperative relations between our two parties have entered a new period of development. Comrade Alessandro Natta's visit to China last year, and his return visit I am now paying to your esteemed party, have again expressed the profound friendship between our two parties. I can say without exaggeration that the relations of equality, sincerity, and friendship between our two parties may be rated as a model of inter-party relations.

Why have our two parties been able to build this new kind of close relationship? I hold that there are three main reasons: FIRST, BOTH OUR PARTIES ADOPT A SCIENTIFIC APPROACH TOWARD MARXISM.

Marxism is a sharp weapon for observing things and understanding the world and a guide propelling our social progress. It is continually developing scientific system of ideology. Both parties share an understanding that as a science, Marxism itself requires a scientific approach. The major victories achieved and serious setbacks suffered by the CPC have taught us with both positive and negative examples that Marxism, far from being an immutable rigid dogma, must be constantly developed and enriched in the course of practice. We must be good at rejecting individual principles which are either outdated or proved through practice to be inapplicable, and at replacing them with new ones while adhering to the fundamental principles. Marxism is the supreme crystallization of the spiritual civilization of all mankind. In advancing Marxism under the new historical conditions today, we must continuously assimilate and summarize, in a critical way, the latest achievements of human civilization. Here I recall Comrade Berlinguer's article written in 1983 to mark the centenary of the death of Marx, entitled "Marxism at the End of the 20th Century." The article contained this passage: "Marxist teaching is that actual historical and social progress is undoubtedly affected by thought and ideology, but in the course of this progress, thought and ideology (including revolutionary ideology and Marxist ideology) are also constrained by the actual movement, which even produces actual changes, and they gradually gain new meanings, forms, and contents." I appreciate this scientific approach of Comrade Berlinguer toward Marxism.

Facts have proven that there is no fixed formula as to how different countries should approach socialism and how they should build socialism, nor can we find a set of ready answers in books. Socialism is ultimately still in the process of practice. In the West, under the new and complicated conditions since the war, you are now exploring paths toward socialism; in the East, we are currently carrying out reforms, perfecting the socialist system, and exploring a way to build socialism with Chinese characteristics. We have never concealed the fact that the tasks facing us are extremely complex and arduous, and we have not the slightest doubt that Marxism undergoes great development in the complex and ardous practice of transforming society and nature. We firmly believe that so long as we are bold in practice and skilled in continually summing up experience, our explorations and efforts will be successful and we will thus make our proper contributions toward the progress of human society and the development of Marxism. SECOND, BOTH PARTIES STEADFASTLY REPRESENT THE FUNDAMENTAL INTERESTS OF THE PEOPLE OF THEIR RESPECTIVE COUNTRIES AND THE WORLD AT LARGE IN INTERNATIONAL AFFAIRS.

Preserving national independence, seeking the development of society, and striving for world peace are the common aspirations of the whole of mankind, and they also represent the irrestistible tide of history. Our two parties have come to realize from their practice that the interests of our people at home are fundamentally in conformity with those of the people of the rest of the world. Communist Party members whose basic point of departure is the people's fundamental interests must make tremendous efforts to conform to and represent this tide of history; only thus can they develop and strengthen their own contingent. For this reason, both parties cherish our national independence and safeguard our national dignity and at the same time respect the independence and dignity of other countries. We are both dedicated to the development of our respective countries, support Third World countries in their efforts to develop their national economy, and strive to promote economic prosperity in the world.

Both our parties are firmly opposed to the threat of war, nuclear war in particular, and are against the arms race and any form of aggression and expansion. In international affairs, both parties have always independently decided on their respective stands according to the right or wrong of an issue, and have resolutely safeguarded the fundamental interests of the people of their respective countries and the world at large. We neither echo nor work hand in glove with, but denounce and oppose, the views and acts of injustice of big, rich, and strong countries of bullying small, poor, and weak ones, and attempts by big countries to dominate the world. It is precisely in this common understanding and similiarity of stand that our two parties find common language on a wide range of international issues.

THIRD, BOTH OUR PARTIES STICK TO THE CORRECT PRINCIPLE GUIDING INTER-PARTY RELATIONS.

Although our two parties use different ways of expressing the basic principles on party-to-party relations, we have both reached a common view based on our own experiences. The party in each country should be independent and maintain the initiative in its own hands, and there is no such thing as a center of leadership. Yours was one of the first parties to put forward such an important idea.

It is our common belief that every Communist Party, large or small, new or old, and in or not in power, should each hold itself responsible for the people of its own country and has the right to make its own decisions and manage its own affairs. Party-to-party relations should be those of mutual independence and complete equality.

It is entirely normal that, due to different histories, experiences, and situations, each party should have a different view or approach toward certain questions. Such differences should be mutually recognized and respected.

All communist parties, with a large or small membership and a long or short history, and in or not in power, have their own strong and weak points, and they can all make their contributions to developing and enriching Marxism through practice. No party should be allowed to regard its judgment on right and wrong as the criterion for truth or falsehood and impose it on other parties. Nor should any party be allowed to monopolize the key to the treasure house of the theory of Marxism and to prevent others from exploring and developing Marxist theory.

There is no justification for any party to consider itself privileged and to place itself above other parties. No party should make irresponsible remarks or criticisms on the internal affairs of other parties. Nor should any party take advantage of its relations with another party to oppose a third party.

Our two parties have strictly adhered to these principles in practice. Hence, differences in situation and experience and certain differences resulting from them, far from affecting mutual understanding and trust, have actually resulted in mutual enlightenment and mutual study and advancement, and we have made all the greater efforts to explore the truth.

Comrades, our party is extremely satisfied and happy with the relations of close friendship and cooperation between the Chinese and Italian parties. May I take this opportunity to thank the members of the PCI for their sympathy and support for our cause and the Italian people and friends in all circles for their friendship toward the Chinese people. Our country is launching its Seventh 5-Year Plan this year.

We hope that, as a result of 60 or 70 years of hard work beginning now, we will be able to attain a level approaching the developed countries by the mid-21st century, and to build China into a modern socialist country with a high degree of civilization and democracy. In concluding my address, I warmly welcome the comrades of the PCI present here tody and those who are not here, and Italian friends in all circles, to come to China and have a look if they get the chance, and to put forward their valuable views and suggestions on the cause we are undertaking. This will be sincere support and help for us.

Thank you all.

Delegation Tours Venice

OW230010 Beijing XINHUA in English 2356 GMT 22 Jun 86

[Text] Venice, Jun 22 (XINHUA) -- After two and a half days of intensive talks and meetings in Rome, Italy's capital, Chinese Communist Party General Secretary Hu Yaobang today toured Venice, the world-famous lagoon city.

Hu and his party, including Vice Premier Li Peng and Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference Fei Xiaotaong, were met at Venice airport by Italian Minister of Labor Gianni de Michelis, Governor of Venice Province Ugo Trotta and Mayor of Venice Nereo Laroni.

The visit to Venice has historical significance, Li noted at a luncheon on the scenic isle of Torcello hosted by Minister Michelis. Venice was where Marco Polo, the famous Italian explorer, began his renowned China tour 700 years ago, a trip that resulted in a bridge of friendship between Italy and China.

Venice also plays an important part now in developing Italian-Chinese friendship and cooperation, Li said. It is also symbolic, Li told the Italian hosts, that a senior member of the Chinese delegation, Professor Fei, is from Suzhou, China's lagoon city that has sister ties with Venice.

The Chinese guests attended a concert this evening at Labia Palace, followed by a dinner there in Hu Yaobang's honor given by Italian Minister of Health Costante Degan. He and the Chinese delegation are scheduled to leave Venice tomorrow morning to visit Turin.

Hu Meets PRC Embassy Personnel

OW230054 Beijing International Service in Mandarin 0900 GMT 22 Jun 86

[Excerpts] General Secretary of the CPC Central Committee Hu Yaobang met and addressed cadres of the Italian Communist Party in Rome on the Afternoon of 21 June. In his speech, he said that he was very much satisfied and delighted with the close friendship and the cooperative relations between the two parties.

In the evening at the Chinese Embassy in Italy, General Secretary Hu Yaobang met with the embassy personnel and representatives of Overseas Chinese and Chinese students.

Italian Ambassador Interviewed

HK210428 Beijing CHINA DAILY in English 21 Jun 86 p 4

[By Gao Shi]

[Text] With party leader Hu Yaobang visiting Italy, CHINA DAILY interviewed Raffaele Marras, Italian ambassador to Beijing, who said Sino-Italian relations have "undergone progressive improvement since 1983."

Italy is one of China's major trade partners in West Europe. According to Chinese statistics, the bilateral trade in 1985 exceeded $936.71 million, more than 40 percent in 1984, which makes Italy the champion in trade growth rate. In the first four months of this year, the bilateral trade reached $418 million, an increase of 31 percent over the same period last year. "Starting in 1983, the general trend of such things as commercial exchange, the number of visas and scholarships and the presence of experts and businessmen in China has doubled each year," Marras said. "The technical assistance programme that the Italian Government offers China is most important," the ambassador said. He said it involves industry, agriculture, energy, public health, and scientific and professional training. Italy was the first West European country to provide large preferential government loans to China.

In the political field, the ambassador said, there are no conflicts of interest between the two countries. "We fully appreciate China's aspirations for peace, stability, social and economic advancement of all mankind," the ambassador said.

People-to-people exchanges, academic contacts and co-operation in sports and tourism between Italy and China "have also reached a remarkable level," he added. In 1980, Chinese Premier Zhao Ziyang visited Italy, and in 1984 Italian President Francesco Cossiga, then president of the Senate, visited China. "Hu Yaobang's visit marks a milestone in the development of Sino-Italian relations," Marras said. "We believe the visit will further improve co-operation and strengthen the mutual feelings of friendship and trust," Marras said.

As for the future, the ambassador remarked that to prevent good relations from Beijing just so much talk, both countries should promote the flow of capital, people, goods and technology. The imminent signature of a Consular Convention will be "an initial step in that direction," he said. Hu Yaobang's visit is "most certainly a very valid proof of solid future development."

The ambassador revealed that Genoa's Teatro Comunale with the famous tenor Luciano Pavarotti will tour Beijing and other major cities in China this year.

'Roundup' on Visit to Italy

OW210822 Beijing XINHUA in English 0753 GMT 21 Jun 86

["Hu-Visit-Round-up — Hu and Italian Friends Extol New Friendship Between Two Ancient Nations" — XINHUA headline]

[Text] Rome, June 20 (XINHUA) — Visiting Chinese Communist Party leader Hu Yaobang this afternoon toured the Colosseum, the Arch of Constantine and other landmarks of ancient Romne after attending a welcoming ceremony at which he praised the historical links between China and Italy.

Staring at the ruins of ancient Roman buildings in southern Rome, the general secretary said, "In my youth, I paid attention to Roman history and read books about Spartacus." Spartacus led the large-scale slave rebellion against the Roman Empire during 73-71 B.C. After touring the Colosseum, where slaves were forced to fight each other or with prey while elites watched, Hu said the rulers at that time were merciless in oppressing slaves. In ancient China, he said, the form of slavery was different but equally cruel. Slaves were often buried alive with their deceased masters, he said.

Hu praised Italy for its efforts in preserving its ancient monuments after seeing the renovation work underway on the Arch of Costantine, named after Roman Emperor Constantine the Great.

Hu flew in Thursday for a five-day official visit to Italy, on the last leg of his 16-day four-nation European tour which has already taken him to Britain, Federal Germany and France. This morning, speaking at a welcoming ceremony held by the municipal government of Rome, Hu said the grandiose vestiges of ancient Roman civilization, as well as the significant achievements of contemporary culture, science and technology, show the ever-thriving creativity of the Italian people. Contacts between Rome and China date back 1,800 years and Rome today occupies a proud place in Italion-Chinese friendly relations, which far exceed those of our ancestors, he said.

Mayor Nicola Signorello of Rome in his welcoming speech recalled that the Italian merchant Marco Polo travelled to China 700 years ago along the so-called "silk road" through the inland of the Asian-European continent, which helped the West understand China.

The city of Rome regards China, which has made immeasurable and unmatched contributions to peace, as an essential factor in world balance and security, the mayor said.

The Chinese leader told Mayor Signorello and other municipal officials present at the ceremony that by the end of the month, a direct Beijing-Rome air link will be formally opened to serve as the new "silk road" of the century. "We are obliged and at the same time in an even better position to promote the friendship between our two nations for the common benefit of our peoples and in the interests of world peace," Hu said.

Hu today also talked with Italian President Francesco Cossiga on bilateral relations and cooperation, East-West relations and the Afghanistan and Kampuchean issues.

A spokesman for the Chinese Foreign Ministry said the two leaders expressed satisfaction over the development of friendly relations between the two countries and confidence in the prospects for future Sino-Italian cooperation. Since the establishment of diplomatic relations between China and Italy, about 14 cities of the two countries have forged ties of "sister city." Italy is also one of the earliest West European countries to offer China with large amounts of preferential loans.

The volume of bilateral trade in 1985 reached 936 million U.S. dollars, 40 percent more than in 1984. In the first four months of this year, total trade volume was 418 million U.S. dollars, 31 percent up from the same period last year.

Hu today also met Italian Senate President Amintore Fafani, President of the Chamber of Deputies Leonilde Jotti, Foreign Minister Giullio Andreotti and other Italian officials.

PCF PAPER INTERVIEWS CPC POLITBURO'S HU QILI

PM171429 Paris L'HUMANITE in French 13 Jun 86 p 16

[Laurent Ballouhey dispatch: "Strengthening the Socialist System"]

[Text] At the end of a 2-week visit to China a French communist press delegation headed by Francois Hilsum (Footnote: The French communist press delegation headed by Central Committee member Francois Hilsum was comprised of Andre Delord, Roger Delbarre, Catherine Leynack, Jose Fort, and Laurent Ballouhey) was received by Hu Qili, member of the CPC Politburo and member of the Central Committee Secretariat. During these 2 hours of talks Hu Qili, the youngest member of the Politburo to which he was promoted last October, who is at present standing in for the party general secretary, gave an exclusive interview to L'HUMANITE.

First he stressed the significance of General Secretary Hu Yaobang's visit to four West European countries -- Britain, the FRG, France, and Italy. In France, where he will stay from 16 to 19 June at President Mitterrand's invitation, Hu Yaobang will also have talks with Georges Marchais at PCF headquarters in the Place du Colonel-Fabien. "The main aim of this visit to France, and to Europe in general, by our general secretary is the defense of peace," Hu Qili said. "If Hu Yaobang's visit helps halt the arms race, strengthen the trend toward dialogue, and reduce confrontation, we will regard it as successful," he said. The Chinese official commented on the international situation, described as "complex and tense."

The arms race is continuing at the same time as the desire for peace is growing. What is at stake in North-South relations is development; what is at stake in East-West relations is peace. But the two are linked because, if they are to develop, the Third World countries need peace, as do the European countries. "That is why," Hu Qili said, "An independent and strong Europe strikes us an important in order to impose peace. The West and East European peoples do not want war and refuse to be harnessed to a chariot of war. In the same way, the Chinese people do not intend to follow any chariots of war. Without setting preconditions, and taking account of different historical conditions, China shares with the European peoples the search for detente and the rejection of the arms race." Hu Yaobang's visit will concentrate on this, but the second aspect of his tour will of course be to increase trade and cooperation with the four countries in the economic, technological, scientific, and cultural spheres.

Turning to the internal situation, Hu Qili gave a short assessment of the building of socialism in China, stating: "The CPC has been in power for 37 years. It has experienced only two phases of satisfactory economic development: the first 7 years from 1949 through 1956, and the 7 years since the reforms, from 1978 through 1985. Between these two phases were 23 years of setbacks and disappointments. At that time China was following a tortuous path, starting with the Great Leap Forward in 1958 -- a path characterized by too much haste, especially during the 10 years of the Cultural Revolution."

Hu Qili then discussed the new reform policy adopted at the end of 1978, after the party had assessed the internal troubles and the mistakes of the Cultural Revolution. "We started by restoring Marxist principles: 'Seeking the truth in practice' and 'proceeding on the basis of reality.' On this basis," he said, "the 11th party congress laid down the three main guidelines of our current policy: pursuing the socialist path; introducing economic reforms and opening up the country to the outside world; defending world peace and combating hegemony."

"After the initial success of the rural reforms, based on individual responsibility for the peasants, the reform policy was extended to the urban regions. We thought that the economy had been too concentrated at the state and ministry levels in the past. We wanted to decentralize, extending the decisionmaking powers of the provinces, regions, and enterprises. This reform in the cities is more complex and also more systematic, because it encompasses many spheres, including the political structure," the Chinese leadership member explained.

"In this respect the reform was political from the start. We first had to eliminate leftism and end the period of political chaos. Today our task is to extend this political reform, linking it to the development of socialist democracy and legislation," he explained. "We want to achieve real control of the government by the workers and the peasants. However, this extension of democracy depends on the establishment of socialist legislation. China experienced a very long feudal period," Hu Qili explained. "We made enormous efforts to catch up and create a legislative system. It is in this way that we can combat bureaucracy, corruption, and abuse of power for personal ends.

"The aim of these reforms is to strengthen the socialist system, to improve it, and to make it more dynamic," he added. "The press in the capitalist countries has expressed doubts about the meaning of these reforms, stating that they were a return to capitalism," he said, before refuting this viewpoint by stating: "It would be catastrophic if China abandoned socialism or fell into dependence on another great power. However, if 1 billion Chinese build socialism and struggle for peace, our country will make a major contribution to the whole of mankind's progress.

"The majority of Chinese," he continued, "think it is obvious that only socialism can save China and give its people prosperity. Our living standard is still very low. Our per capita income has increased from $250 per year in 1980 to $350 in 1985. The aim is to achieve $500 by 1990 and $800 or $1,000 by the year 2000 -- which makes it necessary to quadruple GNP. "We are not approaching that yet, but we have already solved the major problems facing our large population: adequate food, proper clothing, and a permanent dwelling. Everybody is aware that this is the result of socialism," he said.

Hu Qili then outlined future prospects, explaining: "We plan to reach the average level of industrialized countries by the year 2050, with an annual per capita income of $4,000. While increasing living standards we will not allow a wealthy class to be created while 90 percent of the population lives in poverty. We will avoid this polarization between rich and poor, which occurs in many other Third World countries, by maintaining the principle of socialist distribution: to each according to his labor. In the course of this process, thinking and values will change. The influence of feudal traditions -- for instance, a strong concept of hierarchy to which egalitarianism is added -- explains the lack of democracy. The gradual elimination of the remnants of the feudal society will make it possible to develop socialist democracy and legislation," the Chinese leadership member stated.

"Compared with the history of capitalism, socialism is still in its infancy," he pointed out. "Theory is not an abstract invention; it is a practical human creation. It is in practice that leaders must learn to defend principles," he added. Hu Qili then commented on the method used by the Chinese leadership in introducing reforms and solving the conflicts which arise, stating: "We allow the little streams to flow. We simply watch in which direction the water flows. When the water flows in the right direction we build channels through which these streams can lead to the river of socialism."

MALIAN PRESIDENT ARRIVES IN BEIJING 19 JUN

OW190148 Beijing XINHUA in English 0140 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) -- General Moussa Traore, president of the Republic of Mali, arrived here this morning for a week-long official visit to China at the invitation of Chinese President Li Xiannian.

Accompanying the president on his China visit are Madame Moussa Traore, Djibril Diallo, political secretary of the Malian People's Democratic Union, Modibo Keita, minister of foreign affairs and international cooperation, Issa Ongoiba, minsiter of agriculture, and Halj Omar Tall, minister of natural resources and animal husbandry.

Qin Zhongda, chairman of the reception committee of the Chinese Government and minister of chemical industry, and diplomatic envoys from various African countries greeted the Malian president and his party at the airport.

Chinese Premier Zhao Ziyang is scheduled to hold talks with Traore here this afternoon. He is also going to preside over an official ceremony and a banquet to welcome the president.

Zhao Says Li 'Still in Hospital'

OW191225 Tokyo KYODO in English 1211 GMT 19 Jun 86

[Text] Beijing, June 19 KYODO -- China's 80-year-old President Li Xiannian is still being treated in a hospital, Premier Zhao Ziyang said Thursday.

Zhao made the remark when he met with visiting Mali President Moussa Traore.

Li was hospitalized in the middle of May. The Chinese Foreign Ministry said Wednesday that Li was suffering from a cold.

Holds Talks With Zhao

OW191352 Beijing XINHUA in English 1334 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) -- Chinese Premier Zhao Ziyang said here today China is satisfied with the friendly relations between China and Mali. Visiting Malian President Moussa Traore said that cooperation between the two countries is effective and would continue to develop. The two leaders held talks on bilateral relations and international issues of common concern at the Great Hall of the People here this afternoon.

Zhao said that with the frequent exchange of visits by leaders of the two countries and increasing contacts between their peoples, economic and technological cooperation between them have expanded since the establishment of their diplomatic relations.

Zhao pointed out that the Chinese Government attaches great importance to the development of its cooperation with Mali. Noting that both countries have been gaining experience in economic construction and carrying out economic reform in recent years, Zhao said the two countries can learn from each other and mutually promote their economic development.

Traore expressed the hope that friendly relations, joint management of cooperative projects by the two countries in particular, be strengthened and developed.

Responding to Traore's suggestion, Zhao said that the Chinese Government would make positive efforts in this respect. He added that further efforts should be made to develop trade relations between state enterprises and nongovernmental companies of the two countries.

Traore gave a brief account of the struggle being waged by African countries against drought. He said that the drought is continuing and that Africa cannot overcome this disaster without outside aid.

Zhao said that the international community should exercise greater influence on developed countries to make them help African countries to overcome immediate economic problems. Developed countries are duty-bound to help developing countries overcome economic difficulties, Zhao said. He said China would, as always, support African countries and other Third World countries in their just struggles and enhance its economic and technological cooperation with them. Zhao stressed that China would never change its basic stand on protecting the rights and interests of Third World countries no matter what changes take place in the international situation.

Before the talks, Zhao presided over a welcoming ceremony for President Traore, his wife and their party, which featured a 21-gun salute and a guard of honor of the three services of the Chinese People's Liberation Army. State Councillor and Foreign Minister Wu Xueqian attended the ceremony.

Zhao Hosts Banquet

OW191432 Beijing XINHUA in English 1411 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) -- Premier Zhao Ziyang said today that African peoples will surely reach their goals of economic, scientific and technological and cultural development as they did in winning national liberation and political independence. Zhao was speaking at a banquet he gave in honor of Malian President Moussa Traore, his wife and their party at the Great Hall of the People this evening.

Zhao described the African people as "having glorious fighting tradition and the spirit of constantly striving to become stronger" and Africa "being a developing continent with great potentials for development".

Zhao pointed out that leaders and far-sighted figures of African countries are exploring proper ways for development and have made significant progress in this respect, while facing economic difficulties due to long colonial rule, unreasonable international economic order and natural disaster. Zhao praised the Malian Government and people for their achievements in developing national economy and their just stand in international affairs. He wished them greater success.

Both Zhao and Traore spoke highly of the smooth development of friendship and cooperation between the two countries since the establishment of their diplomatic relations 25 years ago. "During such a short period," Traore said, "we have established a very effective variety of cooperative relations to the aspiration of our peoples." Zhao said it has been proved that Sino-Malian friendship, which is based on the five principles of peaceful coexistence, can stand time test.

Traore said that this is his third China visit, which will mark a starting of a new stage in the development of relations between the peoples of the two countries. Traore thanked China for constantly supporting Mali in its development and expressed satisfaction with China's technological aid to his country. The support met the Malian people's needs and was helpful for Mali to carry out its policy of national independence, he added.

The two leaders both condemned the South African authorities for their racist policy, suppression on black people and aggression against neighbors. Among those present ere State Councillor and Foreign Minister Wu Xueqian and Qin Zhongda, chairman of Chinese Government Reception Committee and minister of chemical industry.

Returns to Beijing From Hebei

OW201103 Beijing XINHUA in English 0959 GMT 20 Jun 86

[Text] Beijing, June 20 (XINHUA) -- General Moussa Traore, President of the Republic of Mali, and his party visited an aviation school of the Chinese People's Liberation Army (PLA) in Shijiazhuang this morning. Qin Zhongda, Chinese minister of chemical industry, and Ma Zhanmin, chief of general staff of the PLA Air Force, accompanied the Malian president on his visit.

Commandant Li Zhiliang briefed the visitors on the history of his school, which has trained a great number of airmen over the past 37 years. Traore inspected some of the school's teaching facilities and watched an air show of fighter planes. The Malian president and his party returned to Beijing after the visit.

Hosts Banquet for Zhao

OW201424 Beijing XINHUA in English 1355 GMT 20 Jun 86

[Text] Beijing, June 20 (XINHUA) -- Malian President Moussa Traore and Chinese Premier Zhao Ziyang both expressed satisfaction with their talks in Beijing. They were speaking at a return banquet given by Traore and his wife in honor of Premier Zhao at the Great Hall of the People here this evening.

Traore described the talks as being "cordial and frank", saying that the foreign policy stands of both countries coincided. He said both countries are determined to strengthen their existing friendship and cooperation.

Zhao said both sides had a deep discussion on a wide range of issues concerning the development of friendship and cooperation between them in the fields of politics and economy.

[Beijing XINHUA Domestic Service at 1307 GMT on 20 June also carries this item. The Chinese version is identical except for the end of the above paragraph, which the Chinese version renders as "in the fields of technology and economy."]

He said Traore's visit had been fruitful and had added a new chapter to the annals of Sino-Malian friendly and cooperative relations. Among those present were State Councillor and Foreign Minister Wu Xueqian, Vice Chairman of the National People's Congress Standing Committee Huang Hua, and chairman of the Chinese Government Reception Committee and Minister of Chemical Industry Qin Zhongda. Traore and other Malian guests visited a shirt factory, and Mrs Traore toured a kindergarten and a handicrafts exhibition here today.

HUANG HUA REAFFIRMS PRC SUPPORT FOR PALESTINIANS

OW191202 Beijing XINHUA in English 1144 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) -- Huang Hua, vice-chairman of China's National People's Congress Standing Committee, today reaffirmed China's support to the Arab countries and the just struggle of the Palestinian people.

He said this while meeting a delegation from Popular Front for the Liberation of Palestine headed by its Political Bureau member and a leading member of International Relations Bureau Taysir Kuba. Huang added China opposes hegemonism and Israeli expansion.

Kuba said he appreciates the principle and firm stand taken by the Chinese Government and people in their support to the liberation struggle of the Palestinian people. The delegation arrived here June 10 at the invitation of the Chinese People's Association for Friendship with Foreign Countries.

AFP EXAMINES CURRENT PRC-AFRICA RELATIONSHIP

HK191046 Hong Kong AFP in English 0948 GMT 19 Jun 86

[By Patrick Lescot]

[Text] Beijing, June 19 (AFP) -- African students and diplomats here fear that the Chinese, as they open their doors to the West, have chosen economic expediency over their traditional political links with the Third World.

African diplomats say China has changed: Its foreign policy, formerly anchored in South-South cooperation and the principle of revolutionary aid, is shifting toward a Chinese brand of realpolitik based on the need for help from the West in building its economy.

"Remember the United Nations in 1971" -- The placard carried in a June 6 demonstration by African students in Beijing was a plaintive reminder that 27 African nations backed China's entry into the United Nations.

And Beijing's standard messages of support to opponents of apartheid recently on the 10th anniversary of the Soweto uprising failed to reassure African diplomats and students shaken by a clash between foreign and Chinese students at a northern university last month. In the Tianjin incident, 300 to 600 Chinese students laid seige for five hours to a group of foreign students, mostly Africans, celebrating the anniversary of the founding of the Organization of African Unity. Chinese authorities denied there was any racist element in the incident, saying it was simply a misunderstanding provoked by the foreign students' refusal to turn down loud party music after 11 PM.

It was Prime Minister Zhao Ziyang's tour of Africa in 1982-1983 that signalled the change. From now on, the guiding principle in bilateral relations was to be mutual interest rather than revolutionary assistance.

The era of the mammoth African project entirely financed and built by the Chinese was over. Undertakings such as the 100,000-seat stadiums thrown up in Dakar, Kinshasa, and Harare, designed to be public relations coups for Beijing, were financially disastrous.

The message to Africa was that China now had to practice abroad the sort of pragmatism being encouraged within its own borders.

Projects such as the epic construction of the Tanzam railway, which thousands of Chinese laborers built across 1,860 kilometers (1,160 miles), to take Zambian copper to the Tanzanian port of Dar Es Salaam, gave way to joint ventures which held out the promise of practical and immediate results.

The level of Chinese aid to Africa has fallen off steadily since 1976. Loans are still interest-free, but the more advanced China becomes, thanks to Western technology, the higher the price of cooperation, one African diplomatic said. Another diplomat went further, suggesting it might be cheaper to buy from Europe these days, where spare parts were also easier to come by. A Western diplomat concurred: "Beijing now is placing priority on economic development, including in its foreign policy objectives."

In its modernization drive, Beijing is shifting toward Europe, the United States and Japan. Africa is perceived as having little to offer China both in terms of trade and in security needs, he added.

Chinese strategy in the Maoist era was to combat the growing Soviet influence in Africa, every inch of the way. Today, after a series of setbacks, Beijing aims to maintain a low profile in the area, one diplomat from the region said.

Has China renounced its role as guardian of the Third World? Apaprently, said one Western diplomat. But although Beijing is no longer promoting revolution and the anti-imperialist struggle, it now has more to teach African countries, and can offer a development model worth studying.

RENMIN RIBAO ON ISRAELI WITHDRAWAL FROM LEBANON

HK100742 Beijing RENMIN RIBAO in Chinese 6 Jun 86 p 6

[Article by Zhu Mengkui: "Israel Must Withdraw All Its Forces From Lebanon"]

[Text] Israeli forces made a large-scale invasion of southern Lebanon on 6 June 1982 and have since occupied half of the country. To safeguard their territorial integrity and sovereignty, the Lebanese people have carried out a protracted, unswerving struggle against the enemy. Israel's brutal aggression has met with condemnation throughout the world, and Israel is becoming increasingly isolated.

Lebanon's just struggle to resist Israeli aggression and for national salvation has enjoyed extensive support from the international community. The United Nations, the nonaligned countries, the Islamic countries, and the Arab countries have on several occasions adopted resolutions and issued statements demanding unconditional withdrawal of all Israeli forces from Lebanon. During the Israeli invasion of Lebanon, nearly 5,000 Israeli troops have been wounded or killed, its military expenditures have exceeded $2.5 billion, and its economy has deteriorated, thus arousing its people's antiwar feeling. This unjust war has landed Israel in the deep mire in Lebanon. Internationally, it has found itself in a very isolated position.

After its brazen invasion of Beirut in September 1982, Israel proposed "normalization of relations" with Lebanon and unjustifiably demanded that Lebanon open its trading ports to Israel and allow Israel to set up diplomatic representative organs in Lebanon. This was flatly rejected by the Lebanese Government. To urge Israel to withdraw its forces from Lebanon and to restore Lebanon's independence, sovereignty, and territorial integrity, Lebanon has conducted arduous, repeated negotiations with Israel through U.S. mediation, and in May 1983 they signed a withdrawal agreement. However, under all types of pretexts, Israel delayed its withdrawal from Lebanon. In this situation, the Lebanese government had no choice but to expose and condemn a series of Israel's perfidious moves and to abolish, in March 1984, the withdrawal agreement, which had long become a mere scrap of paper.

In spite of all this, however, the Lebanese Government still made efforts to conduct withdrawal negotiations with Israel, and by the end of 1984 withdrawal negotiations between Lebanon and Israel were resumed through UN mediation. However, not only did Israel not set the time for withdrawals by stages, it also insisted on building a "safety zone" in southern Lebanon which would be subject to security checks by the Israeli-supported southern Lebanese troops. Israel also asserted that it would retain the right of pursuit across the Lebanese border. This obstinate stand, which ignored Lebanon's sovereignty, brought the negotiations to a deadlock again. Although Israel has unilaterally announced its withdrawal, the Israeli troops still hang on in southern Lebanon and keep launching attacks on the Lebanese people. This has caused much turbulence to the situation in Lebanon. Facts have proved that Israel is playing the trick of partial withdrawal in an attempt to permanently occupy southern Lebanon for the purpose of realizing its expansionist ambition aimed at undermining Lebanon's peaceful unification and controlling Lebanon.

From the development of the situation in Lebanon, people can understand that Israel's aggression and threats are the main causes of destruction and calamities in Lebanon. In recent years, Lebanon has suffered untold war calamities, which have made tens of thousands of people homeless and caused an economic loss totalling tens of billions of U.S. dollars. To realize the country's unification and territorial integrity, the Lebanese Government has always regarded the liberation of southern Lebanon and urging Israel to withdraw its forces as an important task in rebuilding Lebanon. However, Israel has continued to strengthen its military occupation in southern Lebanon regardless of the just demands by Lebanon and the international community. This indicates that Israel's aggression is not only the root cause of turmoil in southern Lebanon, but also a serious threat to peace and security in the Middle East.

The Chinese people, together with the people of justice-upholding countries in the rest of the world, profoundly sympathize with the Lebanese people and resolutely support their struggle for restoring their independence, sovereignty, and territorial integrity. Today, the Lebanese Government and people are entrusted with the arduous mission of rebuilding the country and putting an end to Israel's aggression against southern Lebanon. Various forces in the country are facing the urgent task of ceasefire and reconciliation. So long as Israel does not withdraw its forces from Lebanon, there is no peace in the country. In such cases, the Lebanese people will not stop fighting for even one day. We are convinced that with the support by the Arab countries and the international community, the Lebanese people will finally liberate southern Lebanon and realize the unification of the country.

OFFICIAL COMMENTS ON SITUATION OF DISSIDENT WEI

HK200906 Hong Kong AFP in English 0841 GMT 20 Jun 86

[Text] Beijing, June 20 (AFP) -- A senior Chinese official on Friday said he knew nothing about a hunger strike by China's best-known dissident, Wei Jingsheng, who was jailed in 1979 for 15 years for "counter-revolutionary crimes."

Generally reliable Chinese sources have said Mr. Wei has been on hunger strike in prison for some time, and is force-fed by his guards.

But China law society vice-president and former Justice Vice-Minister Zhu Jianming told AGENCE FRANCE-PRESSE: "Wei Jingsheng was in good health at the end of last year. I don't know where he is right now, but I have heard nothing about him being on hunger strike at the moment."

However, he said he would ask the relevant authorities about Mr. Wei's current predicament and reveal what he learned in about 10 days.

Mr. Zhu said that when he was at the Justice Ministry he had access to internal reports about Mr. Wei. According to such reports up to the end of 1985 Mr. Wei was behaving well and was allowed to read newspapers, listen to the radio, watch television and receive visits from his family. Mr. Wei was one of the leading lights of the 1978-79 Beijing Spring movement for greater democracy in China.

Thousands of young Chinese joined the Beijing Spring movement, which originally enjoyed the support now predominant Chinese leader Deng Xiaoping. But after Mr. Wei's arrest the movement was progressively silenced when Mr. Deng's regime came to regard it as a threat to its authority.

Between 1979 and 1981 all the main Beijing spring activists were jailed.

Some were subsequently released, but the authorities have kept quiet about the fate of the others. The authorities have only rarely spoken of Mr. Wei. In 1985 they said he was in good health in a labour camp in the northwestern province of Ginghai.

Public security minister Ruan Chongwu said in reply to foreign correspondents' questions delivered at an All-China Journalists' Association lunch that he had no knowledge of Mr. Wei's situtation. "He's just an ordinary prisoner like any other. I can't understand why there's such interest abroad in his predicament," he said.

Mr. Zhu, without predicting the early release of Mr. Wei, said prisoners could earn remission for good conduct after serving between a third and a half of their sentence. Mr. Wei has already served half his jail term.

Said Mr. Zhu: "If he behaved well and reforms himself suitably he could get remission. If, however, he is disobedient, we can force him to undergo reform through labour."

Common criminals and counter-revolutionaries jailed for more than three years generally have to undergo a tough programme of "reform through labour," under which they are put to work each day.

FURTHER COVERAGE OF NPC STANDING COMMITTEE

Plenary Meeting Held

OW210843 Beijing XINHUA Domestic Service in Chinese 1311 GMT 20 Jun 86

[Text] Beijing, 20 Jun (XINHUA) -- The 16th Session of the NPC Standing Committee held a plenary meeting this afternoon to hear several reports submitted by the State Council and reports on foreign trips.

At the request of the State Council, Wang Bingqian, state councillor and minister of finance, and Lu Peijian, auditor general of the State Auditing Administration, reported on the state final accounts of 1985 and the auditing work in 1985.

Wang Binqian said: The year 1985 was a year which China achieved enormous successes in socialist construction. Owing to the hard work of people of all nationalities in the country, the nation's socialist construction was accelerated, and remarkable progress was achieved in production, construction, and reforms. In addition to achieving a sustained, steady, and harmonious economic growth, the state's financial situation continued to improve. Relatively significant growth was noted in both revenue and expenditure. This was a composite reflection of the nation's vigorous industrial and agricultural growth and continuing expansion of domestic and foreign trade, as well as the success of upholding the Central Committee's principle of enlivening the domestic economy, opening to the outside world, and continuing to restructure and improve the financial and taxation systems.

Lu Peijian said: To contribute to the fundamental improvement of party and social conduct and to ensure normal progress in opening to the outside world, enlivening the domestic economy, and restructuring the economy system, auditing organs at all levels have, since last year, achieved remarkable progress in dealing with such serious financial and economic irregularities as fraud and taking advantage of loopholes in reform. We will intensify auditing supervision from now on in order to fight against all types of financial and economic irregularities and facilitate economic reform and improving party and social conduct.

The meeting also heard a report by Jiang Xinxiong, minister of nuclear industry, on China's policy for construction and development of nuclear power.

At President Li Xiannian's request, State Councillor Chen Muhua submitted a written report on President Li's visit to Bangladesh, Sri Lanka, Egypt, Somalia, and Madagascar. Chen, who was a member of the president's entourage, said in the report that President Li's visit to the five Asian and African countries was a complete success.

The meeting also heard Vice Chairman Peng Chong's reporton the NPC delegation's visit to Australia. Peng Chong said: At the invitation of the parliament of the Commonwealth of Australia, an NPC Delegation with Peng Chong and Bainqen Erdini Qoigyi Gyaincan, vice Chairman of the NPC Standing Committee, as head and deputy head, made a goodwill visit to Australia from 29 April to 10 May 1986. The visit achieved its anticipated objectives, as it has enhanced mutual understanding of the two countries' parliaments and peoples and their friendship and cooperation.

Present at today's meeting, which was chaired by Vice Chairman Wang Renzhong, were other NPC Standing Committee Vice Chairmen Chen Pixian, Geng Biao, Peng Chong, Zhu Xuefan, Ngopoi Ngawang Jigmei, Banqen Erdini Qoigyi Gyaincan, Seypidin Aizezi, Zhou Gucheng, yan Jici, Ye Fei, Huang Hua, and Chu Tunan.

Present at the meeting as observers were Zheng Tianxiang, president of the Supreme People's Court, and Yang Yichen, procurator general of the Supreme People's Procuratorate.

Wang Bingqian Finance Report

OW211033 Beijing XINHUA Domestic Service in Chinese 1321 GMT 20 Jun 86

[Text] Beijing, 20 Jun (XINHUA) -- State Councillor and Finance Minister Wang Bingqian said today that China's financial situation continued to improve in 1985 and the nation's revenue and expenditures were both higher than those of 1984. He added that revenue and expenditures were balanced in 1985. At the State Council's request, Wang Bingqian reported the 1985 final account this afternoon at the plenary meeting of the 16th Session of the NPC Standing Committee. He said: According to official statistics, the state's total revenue in 1985 was 186.64 billion yuan, or 121.6 percent of the target, and the total expenditure was 184.48 billion yuan, or 117.9 percent of the targeted spending, showing a favorable balance of 2,162 million yuan. Compared with the forecast made in a report submitted to the Fourth Session of the Sixth NPC, the total revenue had increased by 1,229 million yuan, and the total expenditure by 1,884 million yuan. The healthy situation can be indicated by the drop in actual surplus of 655 million yuan. Of the total revenue for 1985, domestic receipts amounted to 183.72 billion yuan, or 122.5 percent of the budgeted figure, while foreign loans came to 2.92 billion, or 83.5 percent of the budget figures.

Wang Bingqian said: While the implementation of the 1985 state budget was satisfactory, we must also be aware of the various other problems. Most notable are the facts showing that certain factors causing economic instability have not yet been totally eliminated, that investment in fixed assests is still too large, that the growth of consumption funds is too sharp, and that the economic performance of many enterprises remain essentially unchanged due to poor management and low technological standards. All of this will directly or indirectly affect the financial situation as well as financial stability and balance in the future. Financial work itself is also problem-ridden. Because of financial loopholes, the losses in revenues and wastes in spending are still serious. We must attach great importance to these problems and deal with them with effective measures.

1985 Expenditures Reported

OW211101 Beijing XINHUA Domestic Service in Chinese 1337 GMT 20 Jun 8

[Text] Beijing, 20 Jun (XINHUA) — State Councillor and Minister of Finance Wang Bingqian said today that domestic receipts and expenditures during the first 5 months this year were respectively 73 billion and 70.3 billion yuan, showing a favorable balance of 2.7 billion yuan. Wang Bingqian made this disclosure today while making a report on the state's 1985 final accounts at a plenary meeting of the 16th Session of the NPC Standing Committee. He said that the receipts and spending during the first 5 months represented respectively 35 and 32 percent of the budgeted targets.

He said: The nation's current economic situation is fine, and all production and construction projects and economic reforms are in progress. The implementaton of this year's economic and social development plan has been on the whole normal, as is the implementation of the budget.

In accordance with the needs of the current economic growth and the implementation of this year's budget, the State Council has urged all regions and departments to ensure receipts and strictly control expenditures in an effort to ensure successful implementation of this year's budget and balance revenue and expenditures.

1985 Audit Work Reported

OW212044 Beijing XINHUA Domestic Service in Chinese 1435 GMT 20 Jun 86

[Excerpts] Beijing, 20 Jun (XINHUA) -- At the State Council's request, Lu Peijian, auditor-general of the State Auditing Administration, today delivered a report on the 1985 auditing work at the 16th Session of the NPC Standing Committee. He said: To contribute to the fundamental improvement of party and social conduct and ensure normal progress in opening to the outside world, enlivening the domestic economy, and restructuring the economic system, since 1958 auditing organs at all levels have firmly dealt with serious financial and economic irregularities, such as practicing fraud and taking advantage of loopholes in reform. In 1985 auditing organs audited over 66,000 units, or 5.7 times more than that of 1984. They found large sums of money of dubious origin, and reimbursed over 2.82 billion yuan to the state. Each auditor reimbursed an average of over 100,000 yuan to the state.

Lu Peijian said: Auditing organs began their work last year by auditing the budgets and special funds of several trades. Despite the fact that the budgets and special funds were tight in certain areas, they found that a considerable amount of money had been misappropriated or wasted. In the course of auditing some 2,200 educational units in 12 provinces and municipalities, auditing organs found that over 82 million yuan were misused in building offices, dormitories, and guest houses; purchasing automobiles; and setting up business firms.

Lu Peijian said: Auditing organs also audited the units using loans from the World Bank. Whenever they discovered that any loans for cultural, educational, and agricultural projects were misused, they promptly notified the relevant units to correct the mistakes. The Auditing Administration's report was considered by the World Bank as up to international auditing standards.

Lu Peijian said: Since the party Central Committee and the State Council set forth a series of measures for combating irregularities last year, financial and economic regulations have been more effectively observed. However, because party and social conduct has not been fundamentally improved, certain measures for restructuring the economic system are uncoordinated and imperfect; certain financial and economic departments have failed to enforce law strictly; and certain people and units have used the opportunity to practice fraud, taking advantage of the loopholes in reform. Financial and economic irregularities are therefore still a conspicuous issue today. It has been found that the majority of the audited units had violated financial and economic regulations one way or another, and that some financial and economic administrative units have taken advantage of their authoritiy to seek gain for certain individuals or a small group of people.

Lu Peijian said: Although auditing organs have achieved remarkable successes over the past 2 years, much work still has to be done. Confronting them are numerous difficulties and problems. Their operation needs improvement, and they still have to earnestly study and resolve the new situations and new problems in auditing work, particularly those for which the existing policies still cannot be clearly applied.

Chen Muhua on Li Xiannian Tour

OW220344 Beijing XINHUA Domestic Service in Chinese 1328 GMT 20 Jun 86

[Text] Beijing, 20 Jun (XINHUA) — Entrusted by President Li Xiannian, State Councillor Chen Muhua today submitted to the 16th meeting of the 6th NPC Standing Committee a written report on President Li Xiannian's visit to Bangladesh, Sri Lanka, Egypt, Somalia, and Madagascar. The report described President Li's visit as a success and said that it achieved the expected goal of deepening understanding and friendship and strengthening unity and cooperation between China and these countries.

Chen Muhua accompanied President Li on his tour of these Asian and African countries. In her written report, she said: At the invitation of the presidents of Bangladesh, Sri Lanka, Egypt, Somalia, and Madagascar, President Li Xiannian paid state visits to these nations from 8 to 27 March. It was the first time a Chinese president visited these Asian and African countries since the founding of new China. President Li's visits strengthened the traditional friendship between China and the five Asian and African countries, and showed that China attaches great importance to the development of friendly relations and cooperation with Asian and African countries. The visits also demonstrated that China's foreign policy is basically aimed at enhancing unity and cooperation with the Third World Countries.

The report said: At the state banquets given by the heads of state of the five nations, President Li made important speeches praising the fine relations between China and these five countries as well as the achievements attained by these five nations in national construction and foreign affairs. On various occasions he also introduced China's domestic situation and its foreign policy, particularly its policy on South Asia and the Middle East. President Li also talked with the presidents of the five countries on international issues, on the situation in various regions, and on bilateral relations. At the same time, they exchanged views on many subjects on various occasions. Chen Muhua and those who accompanied President Li on his tour also held meetings with their counterparts in the five countries. In his meetings with his counterparts, President Li elucidated China's independent foreign policy for peace and introduced China's views on the current international situation and major international issues. The meetings showed that China and the five nations have identical views on major international issues. Both President Li and the heads of state of the five countries were satisfied with the bilateral relations between China and the five countries. They also expressed their determination to strengthen the existing fine relations and further tap the tremendous potential in developing cooperation in the fields of economy and trade on the basis of equality and mutual benefit. We realised from the warm and friendly talks with the leaders of the five countries that they sincerely hope that China will become more progressive and prosperous and stronger. Like China, they earnestly desire to develop bilateral relations.

The report said: During the visit, we were delighted to notice the remarkable achievements made by the five countries in developing their economies and the fact that they are actively exploring ways to develop their economies according to the state of affairs in their respective countries. We are convinced that they will definitely be able to continuously forge ahead and achieve their magnificent goal of bringing about economic prosperity through their own efforts and international cooperation.

Minister on Nuclear Development

OW211158 Beijing XINHUA in English 0725 GMT 21 Jun 86

[Text] Beijing, June 21 (XINHUA) — China will introduce nuclear power gradually, the country's highest legislative body was told on Friday.

Nuclear Industry Minister Jiang Xinxiong said in a report to the current session here of the National People's Congress Standing Committee that safety and quality would be stressed as the industry developed step by step.

The nuclear power stations under construction now in China were both designed to safety standards widely accepted in the world, and Chinese specialists were confident about their safety. He said development strategy had been drawn up in the light of world energy trends and China's own circumstances.

According to expert forecasts, world oil reserves would not last very long, and nuclear energy offered a better backup to coal and hydroelectric power than solar, geothermal, methane and wind power.

As a supplement, he added, nuclear power could also help reduce environmental pollution caused by coal-generated power.

Considering its energy resources and serious transport shortages, China would develop nuclear power gradually, while actively developing coal and hydroelectricity.

Nuclear power stations would first be built in China's south-east, where industry was relatively advanced but suffered serious power shortages. This would be a foundation for future development.

China is rich in coal and water resources, he said, so it can still rely mainly on coal and hydroelectric power. But 70 percent of China's water resources is concentrated in the southwest and 60 percent of its coal in the north and northwest. Transportation would be a big problem to ease energy shortages in the coastal and northeast areas even if coal industry can further develop, he said.

EFFORTS TO STOP DRUG SMUGGLING IN 1985 REPORTED

HK210432 Beijing CHINA DAILY in English 21 Jun 86 p 1

[By staff reporter Xu Yuanchao]

[Text] China's crackdown on drug smuggling made new progress last year, with security officers ferreting out a total of 24 kilograms of opium intended to be taken out of the country.

International drug smugglers, collaborating with Chinese criminals, wanted to seize the opportunity of China opening to the outside world, Ruan Chongwu, Minister of Public Security, told reporters yesterday in Beijing.

He said most drug cases had been reported in border areas of Yunnan and Guangdong provinces and Guangxi where the culprits had planned to move opium over the Zhuang Autonomous Region border.

The minister said China's overall crime rate had dropped 20 percent due to the nationwide crackdown on serious crime over the past three years. But in the first quarter of this year, he said, the rate rose 12.3 percent over the same period last year.

Some of the offences were reportedly committed by juveniles. Some 70-80 per cent of juvenile crimes were thefts, the minister said. Since becoming minister, Ruan said, the most serious problem his department had faced was the rising crime rate.

"We will make efforts to reduce the rising rate but we need support from the whole of society, including education departments," he said. China had an average of 500,000 criminal cases each year, one of the lowest figures in the world, he added.

NATIONAL ECONOMIC SYMPOSIUM HELD IN BEIJING

HK210532 Beijing JINGJIXUE ZHOUBAO in Chinese 1 Jun 86 p 1

[Report by Xia Fenglei: "Representatives Attending the National Economic Situation Symposium Hold That Insufficient Total Demand Has Become an Obstacle to the Development of the Economy and Reform" — capitalized passages published in boldface]

[Text] Some time ago, the Research Institute on China's Economic Structural Reform and the Economics Association of Beijing Youths held a symposium on the national economic situation. The participants discussed several theoretical issues on macroeconomic balance and control and, on this basis, the economic situation in the first quarter of 1986, particularly the current problems of enterprises. They put forward proposals and measures for further reforms.

The participants held: A phenomenon marked by insufficient money supply and insufficient total demand exists in our country. A serious contradiction between supply and demand also exists in the economy. In particular, the problem has intensified in the industrial structure. This has become a major cause for the restriction of economic growth. For from mitigating the structural contradiction, the existing economic control policies have sharpened this contradiction. A proper structural adjustment is therefore needed. Behind the fluctuating economic growth, the reform environment of enterprises is quietly deteriorating, the behavior of enterprises is being thrown into disorder, and the enterprise mechanisms are becoming more complicated.

AT THE MEETING, THE MACROECONOMIC OFFICE OF THE RESEARCH INSTITUTE ON CHINA'S ECONOMIC STRUCTURAL REFORM PRESENTED A STUDY REPORT ENTITLED "SEVERAL THEORETICAL ISSUES ON MACROECONOMIC BALANCE AND CONTROL." AFTER MAKING A COMPREHENSIVE ANALYSIS OF THE ECONOMIC SITUATION IN 1985, THE REPORT REACHED THE CONCLUSION THAT AN OVERALL RETRENCHMENT HAS LED TO INSUFFICIENT MONEY SUPPLY AND INSUFFICIENT TOTAL SOCIAL DEMAND AND LED FURTHER TO REDUCED PRODUCTION.

By analyzing the relationship between the level of total demand on the one hand and the credit, currency amount, and currency structure on the other, the report also reaches the following conclusions.

First, an increase in credit is not tantamount to an increase in currency, still less is it tantamount to an increase in total demand. Second, the level of total demand has a close relationship with the currency in circulation, but it does not have a close relationship with the currency in a broad sense and credit scale. Credit scale cannot be regarded as a key and comprehensive index of macroeconomic balance and control. Third, the level of total demand has a close relationship not only with the total amount of currency in circulation, but also with the structure of currency in circulation change, excessive total demand and insufficient total supply may possibly emerge. There is now an insufficient total demand.

WHILE DISCUSSING MACROECONOMIC BALANCE AND CONTROL, THE MEETING ALSO DISCUSSED THE CURRENT SITUATION AND BEHAVIOR OF ENTERPRISES. THE COMRADES FROM THE ENTERPRISE FACT-FINDING TEAM OF THE RESEARCH INSTITUTE ON CHINA'S ECONOMIC STRUCTURAL REFORM AND FROM THE POLICY RESEARCH OFFICE OF THE BEIJING MUNICIPAL CPC COMMITTEE BRIEFED THE PARTICIPANTS ON THE RESULTS OF THEIR INITIAL ANALYSES AFTER CONDUCTING INVESTIGATION IN ENTERPRISES.

In their view, the principal and widespread problems of enterprises are as follows:

First, there are great fluctuations in industrial production and a notable structural problem: Production drops more substantially in collectaive enterprises than in state enterprises, more substantially in small enterprises than in large and medium-sized enterprises, more substantially in local enterprises than in central enterprises, and more substantially in light industrial enterprises than in heavy industrial enterprises. Second, demand has diminished. The enterprises have received insufficient orders. The drop in effective demand is even more serious. Third, the production scale has been relatively reduced and the equipment is generally operating below capacity. Fourth, the shortage of circulating capital is chiefly caused by the defects in structure. Although the total amount of circulating capital does not change, due to various reasons such as the means of production at the disposal of the enterprises and the debt chains among the enterprises, there is in fact a shortage of circulating capital. Fifth, the conditions of collective and small enterprises to compete with other enterprises have become worse and their economic environment has deteriorated so that the gap between them and the state and large enterprises has widened. Sixth, the initiataive of cadres, workers, and staff members has dropped. The irrational bonus tax system has led to a drastic reduction in the marginal contribution of bonuses. Seventh, the rights and interests of enterprise dealers have been substantially restricted. Their power to manage personnel and finance has been curtailed and the decision-making power delegated to lower levels has been gradually withdrawn. The reform environment is quietly deteriorating.

In light of the above problems, the representatives put forward seven countermeasures.

1) Appropriately adjust the production structure and increase currency supply in order to mitigate the contradiction between supply and demand; 2) considerably increase investments in science and technology in order to speed up technological development; 3) develop demand substitutes in order to expand demand; 4) improve the bonus tax system by practicing the graduated system instead of the skipping system [tiao jin zhi 6426 6651 0455]; 5) let banks institute a promisory note system in order to solve the debt chains among enterprises; 6) further invigorate small and collective enterprises; 7) protect the rights and interests of dealers. The director funds system can be tried out so that dealers can have clearly-defined financial powers.

PROTECTING BUSINESS OPERATORS' INTERESTS URGED

HK200731 Beijing GONGREN RIBAO in Chinese 1 Jun 86 p 1

[Commentator's article: "Pay Attention To Protecting the Interests of Business Operators"]

[Text] Since the reform of the economic structure began, we have accumulated a great deal of experience in adopting the system of contracted economic responsibilities as a form of reform and the results in implementing this system are very good. Now, we should continue to push this aspect of the reform forward.

The key to excellent results in using the system of contracted economic responsibilities is that the enthusiasm of workers and staff members at various levels of contracted enterprises is generally aroused because their responsibilities, rights, and interests are integrated, thus ensuring that the state will get the major share of interests, the enterprise the medium share, and the workers and staff members the minor share and that the business operators, as leaders of a contract, will also have corresponding interests.

What is worth noting is that because no clear lines of demarcation between unhealthy trends and the appropriate interests of business operators have been made and because of the influence of the force of old habits, some business operators have not yet got their due interests. They dare not take the bonuses or payments which they are entitled to according to the contract and some of them have to equally share their bonuses and payments with others. This practice is harmful to arousing the enthusiasm of business operators who are chiefly responsible for a contract. Therefore, while stressing giving due consideration to the interests of the state, the enterprise, and the workers and staff members, enterprises, departments, and units run on a contract basis should pay great attention to and protect the interests of business operators. This is very important to pushing forward, developing, and perfecting the system of contracted economic responsibilities and to increasing economic results.

To stress paying attention to and protecting the interests of business operators fully conforms to the principle of distribution according to work. Business operators assume important and even legal responsibilities for a contract. This involves risks. It is precisely because of this that they often have to make great mental and physical efforts, surmount dangers and overcome difficulties, and work much harder than others before they can invigorate the enterprise. So long as they exert themselves to the utmost and undertake responsibilities, it is entirely reasonable and legal for them to get more payment and bonuses than others in accordance with the contract.

They are entirely different from the leaders of a few enterprises who abused their power, embezzled part of the bonuses which should have been given to the workers and staff members, or promoted themselves when others should have been promoted instead. Besides, we should also consider that our country was under feudal rule for a long time. After the liberation, the practice of "eating out of the same big pot" lasted for several decades. Therefore, the influence of the force of old habits is very great. Some people often look at the appropriate interests of business operators in the light of egalitarianism and feel upset when business operators get more than they do and consider it unreasonable. Egalitarian ideas are serious obstacles to the development of reforms at present. Our broad masses of workers and staff members should look at and understand the importance of protecting the interests of business operators from an angle which is conducive to the development of the socialist commodity economy and the social productive forces and should not accommodate ourselves to or go along with egalitarian ideas. Otherwise, it will be difficult for reforms to develop smoothly and and it will also be difficult to attain the goal of increasing the income of the workers and staff members.

To stress paying attention to and protecting the rights of business operators and to stress scrupulously abiding by and fulfilling contracts, giving awards and meting out punishments accordingly show the solemnity and continuity of our party's and country's economic principles and also show that "economic contracts" are protected by laws and have legal solemnity. Therefore, contracts must be fulfilled irrespective of whether the amounts of bonuses or payments prescribed in them are large or small. If a contract is not fulfilled simply because the amounts of bonuses or payments prescribed in it are large or if no one dares to take these bonuses or payments for the same reason, where then is the solemnity and continuity of policies and laws? Will contracts then become mere scraps of paper? Of course, this also involves the question of whether a contract was properly signed. If a contract was actually improperly signed, it can be revised by parties concerned and it may have to be legally notarized again. This alone is the solemn attitude we should take to constantly perfect the system of contracted economic responsibilities.

In short, we must pay attention to and protect the interests of business operations. If business operators are only obliged to undertake responsibilities but are not entitled to appropriate payments, who then will be interested in conducting reforms or taking up work on a contract basis? This will be extremely harmful to reforms and we should pay attention to correcting such practices.

COMMENTATOR URGES EFFICIENCY IN LEADING ORGANS

OW230454 Beijing XINHUA Domestic Service in Chinese 0739 GMT 22 Jun 86

[XINHUA commentator: "All Leading Organs Should Improve Their Operating Efficiency"]

[Text] Beijing, 22 Jun (XINHUA) — Dilatoriness and inefficiency have been the chronic malady of the leading organs of many departments and regions. This malady, which obstructs the normal implementation of the general and specific policies of the party and the state, and which affects efficient settlement of real issues, is very harmful to the economy and social order.

In recent years, many units have thought of some measures and made great efforts to solve this problem. However, the results are invariably insignificant. One important reason is the overstaffing of many of our departments. Their operations and responsibilities are so meticulously divided that they handicap each other. Unless such a system is reformed, it will be hard to change these organs' conduct and improve their operating efficiency. However, this does not necessarily mean that absolutely nothing can be done to improve their conduct and operating efficiency before their organization has been restructed. Earnestly implementing the guideline set for th by the CPC Central Committee early this year that "central organs themselves must be the first to pay attention to efficiency," the State Planning commission recently made great efforts to improve its leadership, and its operating tempo has been noticeably quickened. In April and May, the commission finished handling between 60 and 70 percent of all the documents it had to handle, as opposed to only 37 percent in January. This should have served as an enlightening example for us. Facts show that, although it is difficult for our organizations to improve their operating efficiency because of irrational structural set-ups, there are also actual conditions under which efficiency can be subjectively improved. The State Planning Commission's operation involves all trades and professions and all regions, and has always been highly complex. Since its operation is related to many other quarters, it should have been quite difficult for it to improve its efficiency. Its good experience in taking the initiative to improve its conduct can be emulated by the leading organs of other departments and regions. To achieve this, there are two essential requirements:

First, like the State Planning Commission, we should encourage the masses to expose problems within their own organizations, and should not cover up shortcomings or evade problems. Only when we realize our deficiencies will be able to improve. It is impossible for us to improve efficiency if we dare not confront the problem of inefficiency.

Second, like the State Planning Commission, we should have the proper remedy for our problems. This means that, to deal with defects affecting operating efficiency such as nuclear division of work, irresponsibility, shifting responsibility onto others, and blaming each other, as well as problems regarding the system, measures, and supervision, we must take corrective measures, do actual work, and pay attention to actual results.

In short, comrades of the State Planning Commission have made an important step in improving their organization's operating efficiency. We hope the leading organs of other departments and regions will also examine their actional situation, see where they lag behind, and work hard to improve their operating efficiency.

VENTURETECH PRESIDENT ON VENTURE CAPITAL

HK160232 Beijing CHINA DAILY in English 16 Jun 86 p 4

["Excerpts" of report delivered by Zhang Xiaobin, president of China Venturetech Investment Corporation, at "recently held" international conference in Beijing]

[Text] China Venturetech Investment Corporation is a financial institution affiliated with the State Science and Technology Commission and the People's Bank of China.

It is dedicated to assisting research and development of technological ventures by providing investment and managerial support to small and medium-sized companies and to new businesses.

Our targets are smaller companies and new start-ups, regardless whether they are owned by the State, collectives or even individuals. We aim at companies having difficulty gaining access to normal financing channels.

Our investment focus is information technology, micro-electronics, biotechnology, new materials and other forms of emerging technology.

We also stand ready to help existing companies up grade their technology.

Utilizing venture capital investment in China is a new avenue for promoting technological innovation and its commercialization. It aims not only to diversify the nation's financing mechanism, but also to inject an entrepreneurial spirit into industries too timid or too financially strapped to undertake risks.

Conceptually, the venture capital industry is at the centre of capitalism, determining what new business will start and what new ideas will receive financing. That is the traditional view in most Western countries. But I think the concept may be also viewed in a broader sense.

Venture capital is a mechanism that can be applied wherever it is needed. If it can be applied will in other countries. It also can be applied in China. A venture capital company may be geared to increase profits, but it also increases the overall wealth of a society. That is true of every country.

China must introduce and adapt this mechanism to its wun national needs for several reasons:

— Venture capital encourages businesses to take more risks in technological research and development.

It is a generally accepted rule that the greater the technological advancement, the higher the financial risk. Research and development institutions must orient their work towards commercial uses rather than confining themselves to pure academic pursuits.

In China, for many years, a considerable number of smaller innovations failed to attract development money. If the requried investment is too small, the banking system, which is geared to large-scale lending, is often slow to respond.

Conventional banks in China usually ignore an entrepreneurs promising idea, especially in sophisticated technological areas. Lack of qualified professionals make banks reluctant or even imcompetent to deal with the complications of highly technical ventures.

Many innovative projects originate as spin-offs from the work of individuals and organizations having no access to normal government financing channels. Hence, nobody wants to take responsibility for guaranteeing their borrowing.

-- Venture capital spurs downstream application of proven high-tech innovations.

Small and medium-sized companies are encouraged to become actively involved in high-tech development and their results are valuable in upgrading the technologies of outmoded industries.

-- Venture capital provides a way to channel surplus funds into high-tech production.

There is always extra budgetary money in some organizations, including large industries. Funnelling that money to support technological innovation would have significant impact on the nation's modernization. Such organizations, once educated in the venture capital mechanism, would welcome a way to put surplus money to work for them.

Some critical issues related to the investment climate in China must be fully understood.

One critical question is how venture capital can exist from mature start-ups in the absence of a capital market. Investors in Chana must have other ways to get their money back, ways suitable to Chinese circumstances.

Although great changes have taken place in the last few years, people still tend to put job security ahead of entrepreneurial creativity. Job mobility simply has never existed. Universities and research institutions often stand isolated from industry. Spin-offs from either universities or large industries are limited.

China does not have a cash-rich climate that encourages long-term commitment of ventures money. Nor is there a venture capital industrial sector where investors may share risks and expectations by pooling investment.

Other factors also set China apart form Western countries. Domestic markets are fragmented with irrational entry and exit barriers. Lack of flexibility makes corporations passive in undertaking new ventures or diversification.

Venture capital in China must, therefore, develop in a uniquely Chinese way. For example, in addition to equity investment, a normal procedure in Western countries, we have to broaden business scope and design investment pattern through such means as leasing, trust funds, returns on sales royalties and after-tax profits.

China faces severe challenges -- highly competitive world markets, rapid changes in technology, emerging economies of other Third World countries and a worldwide boom in the venture capital industry. These challenges cannot be met with traditional, rigid approaches. Venture capital investment provides a strategic alternative in the nationwide reform of science and technology management.

XINHUA PUBLISHES 'SUMMARY' OF CHEN YUN'S WORKS

OW190500 Beijing XINHUA Domestic Service in Chinese 0640 GMT 14 Jun 86

[Capitalized passages denote those passages designated by XINHUA to be published in boldface]

[Text] Beijing, 14 Jun (XINHUA) -- Summary of the Third Volume of Chen Yun's Works.

Incorporated in this volume of selected works are 56 of Comrade Chen Yun's major works during the period from September 1956 through September 1985, of which 44 are published for the first time. The main contents of this collection of selected works are Comrade Chen Yun's expositions on socialist economic construction, the reform of the economic structure, and the ideological, workstyle, and organizational construction of the party in power following the basic completion of socialist transformation.

This volume of collected works can be roughly divided into two parts based on the course of history:

WORKS IN THE FIRST PART cover the period from September 1956 through March 1962. This is a period when the socialist transformation of our country was basically completed and we began socialist construction on a large scale but suffered serious setbacks. Comrade Chen Yun, then vice chairman of the CPC Central Committee, head of the Central Five-Person Group in Charge of Economic Work (later redesignated the Central Financial and Economic Group), and vice premier, set forth many important economic views and put forward many feasible suggestions in light of the changed situation and the new problems that had cropped up. These views and suggestions, as is known to all, played a significant role in consolidating the tremendous progress in economic construction achieved by us in the period immedite after the PRC's founding, in overcoming the serious difficulties at that time, and in regarding the initiative. Twenty-seven works during that period are incorporated into this volume.

"The New Problems After Socialist Transformation are basically Solved", the first article of this volume, is a speech by the writer to the Eighth National Congress of the Chinese Communist Party. The speech pointed out malpractices in our rapidly developing socialist economic structure and their social and historical causes, and put forward several measures for improving business relations between industrial and commercial enterprises, the forms of production and operation, market management, price policy, and planned management methods, measures aimed at stimulating the economy while upholding the planned economy. At the end of the speech, he elaborated on an overall design for an improved socialist economic structure: State and collective enterprises make up the main body of industry and commerce with a number of individually managed enterprises playing a supplementary role; planned production as the main body of industrial and agricultural production with free production in accordance with market changes and within the limits permitted by the state plan playing a supplementary role; and, within the socialist unified market, the state market plays the principal role while the free market, under the leadership of the state, plays a supplementary role within certain limits.

In line with the aforementioned design and after thorough research and investigation, the writer drafted the following three documents for the State Council: "Regulations on Improving the Industrial Management System", "Regulations on Improving the Commercial Management System", and "Regulations for Improving the Financial Management System." This was the first attempt made by the party and government to improve the socialist economic management system. The major contents of this attempt to improve the management system are: Under the unified state plan, delegate, to a certain extent, power to local governments and enterprises to adopt measures that suit local conditions and delegate a number of enterprises affiliated with central authorities to be directly managed by local authorities; introduce a system whereby a ratio between local expenditures and revenues is adopted and held unchanged for a 5-year period; with regard to commodity prices, introduce a system of unified leadership with different levels holding different responsbilities; reduce the scope of mandatory quotas assigned by the State Council; under the condition that the number of workers and staff members is not increased, enterprises are allowed to make organizational and personnel readjustment on their own; the state and enterprises share revenues at a fixed ratio and hold this ratio unchanged for a 3-year period, and so on and so forth. All these measures were designed to solve the most pressing problems of that time, namely, too much concentration of power and too little delegation of authority in the management system caused by some historical reasons, so as to mobilize the initiative of localities and enterprises and to adapt to the reality of China, which has a big population, vast area, and varied conditions in different parts of the country. Comrade Chen Yun's speech to the Third Session of the Eighth CPC Central Committee entitled "The Problems That We Should Pay Attention to After the Economic Structure Is Improved" points out that after some central powers are delegated. The work of overall balancing in the country should be strengthened instead of being weakened.

The success achieved by China's First 5-Year Plan attracted worldwide attention. While the success provided precious experiences for China's economic planning, it also taught us a lesson or two. Because of impetuosity in our economic work during the 1953-56 period, certain work was done hastily, and some quotas were too high, giving no regard to whether or not they could be fulfilled. This caused serious shortages in the supply of means of production and means of living. Thus, Comrade Chen Yun and other central leading comrades, who were then in charge of the nation's financial and economic work, took timely measures to correct the mistakes -- measures such as initiating a movement to increase production and conserve resources, appropriately curtailing the investment in capital construction, and drawing up plans for controlling society's purchasing power. They also set forth the principle that economic construction should neither be conservative nor rash, but must proceed steadily with overall balance.

The Scale of construction Should Be Compatible With National Strength, the talk Comrade Chen Yun made in January 1957 at a meeting of secretaries of party committees from all provinces, autonomous regions, and municipalities directly under the central government represents the way he correctly summed up the positive and negative experiences gained in economic construction during that period. He pointed out that whether or not the scale of construction was in line with the state's financial and material resources determined whether or not economic development was stable. As for how to guard against the danger that the national strength might be exceeded by the scale of construction, he proposed that the following guidelines be followed.

First, not only should there be a balance between revenue and expenditures and between credit and repayments, there should also be a little surplus. Second, material resources must be rationally distributed and utilized according to priorities. This means that when there is a shortage in the supply of raw and semifinished materials, first pirority must be given to meeting the minimum requirements of those departments which produce daily necessities, and only the surplus should be used on capital construction. Third, the people's purchasing power should be improved, but the extent of improvement must be in line with the availability of consumer goods. Fourth, people should not only heed the balance between the scale of capital construction projects and availability of financial and material resources for a single year, they should also look ahead and behind, making sure that continuity can be maintained, in order to avoid losses caused by sudden rises or falls. Fifth, importance must be attached to the nation's agricultural development, which plays a significant role in determining the scale of China's economic construction. In that speech, Comrade Chen Yun also pointed out that it was necessary to pay great attention to the urgent task of studying the proportional development of the national economy.

The two articles -- Attach Great Attention to Food Supply, and the Principal Measures for Solving the Problems of Food and Clothing -- were written in connection with the shortage of food and clothing, discussing the importance of developing agricultural production and increasing food supply, and setting forth the policy of developing chemical industry and building water conservancy projects. Comrade Chen seriously pointed out that the Second 5-Year Plan should be drawn up with a view to producing enough to wear and eat. He said that unless it was based on producing enough to eat and to wear, economic construction would not be reliable and it would have to start from the very beginning all over again.

In view of the shortage of pork and other nonstaple food, the articles Measures for Solving Shortages in Pork and Other Nonstaple Food; Do Commercial Work Properly; Heighten the Political Concept, and the Concept of the Masses and Production in Commercial Work; Answering a XINHUA Reporter's Questions on Commodity Prices on the Market; and The Problems of Vegetable Supply Must Be Properly Solved, set forth the basic policy that both economic construction and the people's livelihood must be taken into consideration, as well as specific measures that must be taken in order to promote production of nonstaple food and enliven their circulation.

The "Great Leap Forward" and the movement for People's communes, which started in 1958, caused widespread, serious "left" mistakes mainly characterized by high quotas, arbitrary and impracticable directions, proneness to boasting and exaggeration, and "a wind of communization." This disrupted normal economic order and resulted in a serious disproportion among the main sectors of the national economy. Quickly discovering the serious problems caused by the "Great Leap Forward," Comrade Chen Yun on several occasions expressed his differing opinions with the then high quotas for steel, coal, grain, and cotton and made tremendous efforts within his power to correct the mistakes of the "Great Leap Forward" and to reduce losses caused by these mistakes.

"A Letter to Comrades of the Central Financial and Economic Group" was written in April 1959, with a view toward easing up the shortages of supplies on the market and creating a realistic national economic plan.

In the letter, the following five measures were suggested to ease up the shortage of supplies on the market: 1) It is necessary to economize on grain. The problem of food has not yet been solved in our country. When the supply of grain is adequate, the country remains tranquil. When grain is in short supply, the situation in the market becomes tense. 2) It is necessary to organize the supply of pork, chickens, ducks, and fish. Efforts should be made to raise pigs, chickens, and ducks, and the state, the collective, and the individual may do so at the same time. At present, however, state farms and people's communes do not have sufficient experience in this regard, so it is most reliable for scattered peasant households to raise pigs, chickens, or ducks with quick results. 3) Special arrangements should be made for the production of daily necessities. Former handicraft cooperatives should be organized to engage in their original trades. In name, they may remain state factories or cooperative factories but should practice independent accounting and be responsible for their own profits or losses. 4) It is necessary to carefully reduce the more than 10 million workers overrecruited in 1958 and to make arrangements for them to settle down in rural areas in order to cut down the present purchasing power. 5) Priority should be given to making arrangements for transporting materials to the market.

"The Question of Fulfilling the Iron and Steel Targets" and "A Letter to Comrade Mao Zedong on the Iron and Steel Targets" were two reports submitted to the Political Bureau of the CPC Central Committee and Comrade Mao Zedong by Comrade Chen Yun, whom Comrade Mao Zedong asked to lead the Central Financial and Economic Group, after making a thorough investigation and study. The reports advocated reducing the 1959 target for steel from 16.5 million metric tons, which was set by the Seventh Plenary Session of the Eighth CPC Central Committee, to 13 million metric tons, a matter which had a bearing on the economic situation as a whole. In correcting the mistake of being impetuous and rash in economic construction, the reports set forth the principle of retreating to a reliable position and advancing after standing firm.

After the Lushan meeting in the summer of 1959, a struggle "against right deviation" was mistakenly carried out throughout the party. This struggle politically did serious harm to the democratic life of the party from the central to the basic level and economically prolonged the mistakes of the "Great Leap Forward." Besides, there were natural disasters, and the Soviet Government tore up their agreements and contracts with us. As a result, our national economy encountered serious difficulties and had to start a phase of readjustment in 1961.

To stabilize the overall situation and surmount grave economic difficulties, Comrade Chen Yun successively made a number of speeches at working conferences of the party Central Committee and a special foreign conference, such as "Some Leeway Should Be Left in Making Arrangements for Market Supplies," "Mobilize Urban Residents To Go the Countryside," and "Do a Good Job in Foreign Trade." At the same time, he also drew up a document entitled "Accelerate the Development of the Nitrogenous Fertilizer Industry" for the CPC Central Committee. In addition to stressing the continued readjustment of the party's basic rural policies, the speeches and document also expounded at length on measures the party and the government must resolutely adopt, including measures to import grain, reduce the number of workers and staff members, mobilize urban residents to go to the countryside, accelerate the development of the nitrogenous fertilizer industry to support agriculture, and sell expensive candies and pastries. All this was aimed at resuming and increasing agricultural production, alleviating the contradiction between the social purchasing power and the supply of materials, withdrawing some of the currency from circulation, and stabilizing the market.

In the article "The Investigation Conducted in the Rural Areas of Qingpu County", Comrade Chen Yun cited numerous convincing facts to explain the important issue of reinstating and developing agricultural and sideline production. He noted that even sows should be privately owned by the peasants, that crop farming should be planned in a way appropriate to the local conditions, and that the peasants' privately-owned plots should be as large as what was allowed by the regulations prescribed by the central authorities. To further arouse the peasants' production enthusiasm in order to deal with the problems encountered in agricultural development at that time, Comrade Chen Yun, after conducting the investigation in Qingpu County and in other areas, also proposed that production quotas should be fixed for each household. The correct proposal, however, was misinterpreted, and he was erronously criticized.

The article "How Can We Have A More Correct Understanding" discusses the viewpoint that objective facts must be understood "from all angles," and by making "comparisons" "over and over again." In that article, Comrade Chen Yun reiterated that leading organs should spend at least 90 percent of their time conducting investigation and study, and not more than 10 percent of their time making decisions. This was the way of thinking Comrade Chen Yun advocated for correcting the "leftist" mistakes in those days. In that article, Comrade Chen Yun also underscored the importance of giving full scope to democracy and constantly making criticism and self-criticism. He pointed out that inner-party life had not been normal for years, and that it was extremely dangerous to harbor the idea that "we should say only 30 percent of what is in our mind to whomever we talk to, and we should never say anything without reserve to anybody." He said: The party does not mind if anybody has said anything wrong, it does mind if nobody wants to say anything. Leading cadres must be humble, and they should make a special effort to listen to negative comments.

During a meeting of members of leading party groups of ministries and commissions under the State Council in February 1962, Comrade Chen Yun made a speech entitled "The Current Financial and Economic Situation, and Measures for Surmounting Difficulties". With a serious scientific approach, he analyzed the extent of China's financial and economic difficulties, charted the course for combating problems, and pointed out what should be done to cope with the situation. The speech became a document guiding the country to achieve a fundamental improvement in the financial and economic situation. Following the meeting, the CPC Central Committee instructed that the speech be printed and distributed to all party members. Subsequently the document played an extremely important role in unifying the thinking of a vast number of cadres and in increasing their confidence in surmounting difficulties.

In his "Speech at the Meeting of the Central Financial and Economic Group" delivered in March the same year, Comrade Chen Yun further noted that the issues of agricultural and market needs were big issues having a close bearing on over 500 million peasants and over 100 million urbanites. He pointed out that it should be a major national policy to solve this issue, adding that, for the sake of agricultural and market needs, a little "sacrifice" in other areas was absolutely necessary. Within a given year, he said, raw materials should be distributed in such a way that agricultural and market needs must first be met, and industrial production should be planned according to how much raw materials were still available. The industrial sector must also consider its needs for maintenance and repair, construction of support facilities, and simple reproduction.

And only when the needs of the production plan of that year were met should there be capital construction, whose scale should be adjusted on the basis of the availability of resources. Not only should this be the case in that year alone, it should be the case for all subsequent years, so that the people's living conditions could improve year after year. In the light of historical experiences and lessons, Comrade Chen Yun also underscored in that speech the importance of achieving an overall balance in economic development. He said: Overall balance means proportional growth. When we have proportional growth, there will be balance. Without stressing overall balance, economic work can hardly proceed.

WORKS IN THE SECOND PART cover the period from March 1977 through September 1985 -- a period during which the CPC proceeded to restore order and set forth and implement correct ideological, political, and organizational lines following the crushing of the "gang of four." As one of the principal leaders of the party and the state, Comrade Chen Yun in this period put forward many important proposals of far-reaching significance in guiding the party to achieve a great historical transition, restructuring the misguided operations in all economic sectors, expediting socialist modernization and economic reform according to China's actual situation, building a stronger contingent of old, middle-aged, and young cadres, and ensuring good conduct of the ruling party. This volume of selected works contains 29 articles.

"The Two Major Tasks After the Crushing of the '"Gang of Four'" is a written speech Comrade Chen Yun made at a central work conference in March 1977. Aiming at the erroneous "two whatevers" principle upheld by Comrade Hua Guofeng, who was then in charge of operations of the Central Committee, Comrade Chen Yun earnestly proposed that the Central Committee reinstate Comrade Deng Xiaoping and reverse the judgment passed on the Tiananmen incident.

"Upholding the Principle of Correcting All Mistakes" and "Five-Point Opinion on Current Economic Issues" are two Comrade Chen Yun speeches made at a central work conference held before the 3d Plenary Session of the 11th CPC Central Committee. The first speech reaffirmed the fact that the Tiananmen incident was a great mass movement in which hundreds of people in Beijing expressed their grief for Premier Zhou Enlai, opposed the "gang of four," and opposed the criticism of Comrade Deng Xiaoping, pointing out clearly that Comrade Bo Yibo and 60 other comrades were not renegades, that Comrade Peng Dehuai's contributions to the party were significant, and that his ashes should be entombed in the Babaoshan Cemetery of Revolutionaries, and so forth. He also pointed out that Kang Sheng had committed serious mistakes. The discussion and settlement of these significant and wide-ranging political issues greatly expedited the restoration of order, and served as the preparation for thoroughly correcting the "leftist" mistakes committed during and before the "Great Cultural Revolution." As such, they were naturally endorsed by those comrades present at the meeting, and warmly supported by the vast number of cadres and people. In view of the seriously misguided economic development in those days, Comrade Chen Yun proposed in the second speech that 20 million metric tons of food be imported annually over a period of 3 to 5 years so that agricultural production could be resumed and developed step by step after the peasants' needs were met.

He also proposed that foreign industrial projects be introduced into the country gradually, and not simultaneously and hastily, so as to avoid losses caused by recklessness. Politically and economically, the two speeches played a significant role in enhancing the consolidation and development of the fine situation after the crushing of the "gang of four."

The article "Planning and Marketing Issues" was an outline Comrade Chen Yun wrote in March 1979. According to the Marxist principle that socialist economy should develop proportionally according to plan, and on the basis of the experience of socialist states in carrying out economic planning and the actual situation of the development of their productive forces, the article explains that economic planning and market regulation are two essential parts of the socialist period. The first part is the fundamental and principal part; but the second part, although supplementary, is also essential. Comrade Chen Yun pointed out: The main issue lies in the fact that we have yet to consciously realize that these two functions should differ proportionally in different departments.

The article "A Letter on Financial and Economic Work to the Central Authorities," "Persist in Readjusting the National Economy According to the Principle of Proportional Development of Various Sectors," "Economic Construction Should Be Carried Out in a Down-To-Earth Way," and "The Economic Situation Versus Experiences and lessons" point out and analyze the repeated mistakes of rushing into our 1978 economic work and propose that 2 to 3 years be spent on correcting the serious imbalance in the national economy. As a matter of fact, in regard to this question, it is imperative for the party to pay attention at all times to averting and correcting the principal mistake in economic construction -- the "leftist" mistake -- for which we already paid a big price in the past. To this end, Comrade Chen Yun expounded and reiterated in these articles some guiding thoughts for socialist economic construction based on the situation at that time. The first and fundamental point is: Our country has a big population, of which 80 percent is rural. The acreage of arable land is small. The social productive force is at a low level. Our country is poor, and the people's living standards must be improved. This is the basis on which we should formulate the blueprint for our socialist construction. Second, from a farsighted point of view, proportional development is the quickest way of development of the national economy. Putting only steel to the fore was a mistake we once committed; it has been proved that such a practice cannot be carried on for a long time. Third, investment in capital construction should not result in financial deficit. If we resort every year to issuing currency for the purpose of capital construction, there will be an "explosion" [bao zho 3615 3498] after a certain period. Fourth, in proceeding with socialist modernization, we should, in addition to building several big projects, put emphasis on tapping potentials and making innovations in existing enterprises and on transforming them. By doing so, we may seem slow in advance, but in reality we will be making rapid strides. Fifth, we must develop cash crop production and, at the same time, gradually increase our grain output. In no way should we develop cash crop production at the expense of grain production. Grain should still be placed in a primary position. Sixth, utilization of foreign capital and acquisition of new technology are major policies China adopted after it did away with self-imposed seclusion. This policy must be earnestly implemented. In implementing these policies, however, we must remain clear-headed.

That is to say, while still regarding self-reliance as the main orientation, we may make full use of favorable international conditions and accept some foreign loans provided the terms are not disadvantageous to us. In the meantime, we must fully consider whether we are able to pay back the principal and interest of these foreign loans and must invest in projects at home to ensure better use of these loans. We must see to it that our progress in this respect proceeds in an orderly manner. Seventh, we must deem it a major task to find ways to increase our foreign exchange revenue. In this connection, we must give full play to the initiative of all quarters and, at the same time, persist in maintaining unity in dealing with foreign business firms. In a word, "we must let our own people, not foreigners, receive the benefits." Eighth, we have millions of technicians, most of whom were trained after the founding of new China. They are the foundation of our intellectual force, and their role in socialist modernization must be brought into full play. Ninth, the ultimate goal of economic construction is to improve the people's living standards. We must do whatever is good for the people, but should also act in accordance with our capabilities. Tenth, we should make reforms, but our steps should be steady. Since our reforms involve complicated questions, we cannot demand too rapid progress. Reforms should, of course, be based on theoretical studies and economic statistics and forecasts, but it is more important to conduct experiments in some localities from the start and sum up experience from time to time, that is, we must "grope around in order to cross the river," as the saying goes. It is safer to take small steps and move slowly at the beginning. Eleventh, it is good to act in accordance with economic law. Our country's economy is mainly a planned economy. However, state interference is still necessary in many fields within a certain period of time. This kind of practice is centralization. It won't do without such centralization. Without such centralization, things will get muddled up, and reforms will be adversely affected. Twelfth, people are now looking forward to the four modernizations and want the economy to develop rather quickly, but they also ask that there be no more "waste of time and effort by doing useless work." We should keep in mind this requirement while exploring ways to speed up our economic development.

In the article "Several Important Principles for Economic Construction;" "Strengthen and Improve Economic Planning;" and "Several Issues on Achieving the Strategic Targets Set by the 12th Party Congress," Comrade Chen Yun further expounded on the following several major principles for economic construction: First, after the 3d Plenary Session of the 11th CPC Central Committee, conspicuous successes have been achieved in enlivening the economy. However, attention should be paid to preventing the tendency to ignore state planning in the course of enlivening the economy. This resembles the relationship between the bird and the cage. Although we should let the bird fly, it can only fy within the cage, otherwise the bird will fly away. Of course, the size of the cage should be appropriate and should be regularly readjusted according to the need. Second, the overall economic situation dictates that we must feed our 1 billion people, and carry out socialist construction. The state will be hopeless if production barely offsets consumption; the state is hopeful only when it retains the capacity for national construction after feeding the people. Third, during the Sixth and Seventh 5-Year Periods, efforts should be made to streamline operations in various quarters and prepare to launch a number of mainstay construction projects.

The economy may again become chaotic if we are too eager for success and hastily launch capital construction projects. Construction projects should be launched systematically and in a down-to-earth manner. Contrary to what some people think, haste will slow us down. This is a lesson we have learned over the years. Fourth, it is absolutely necessary for the central government to set aside a budget for strengthening construction in energy, communications and transportation, scientific research, education, and other weak links, and for ensuring the needs of the major construction projects. Such major construction projects are in the interest of the whole situation. Small, local projects should also be launched, but priority must be given to key, national projects. In other words, the part must be subordinated to the whole. The national simply does not have the resources for all large and small projects if they are launched simultaneously.

In the article "Written Report to the 3d Plenary Session of the 12th CPC Central Committee," Comrade Chen Yun reiterated: The current socialist economic reform is no less significant than the transformation of capitalist businesses during the 1950's. While the transformation of private businesses aimed at eliminating exploitation, the ongoing reform is to smash the system of "eating from the same big pot." "Eating from the same big pot" is essentially an egalitarian system under which people who do not work are entitled to the fruits of labor of those who work. Smashing this "big pot" will greatly arouse the enthusiasm of workers, peasants, intellectuals, and cadres, and will once again greatly liberate China's productive forces. Chen Yun added: "China's current economy is much larger and more complex than it was in the 1950's. Many methods useful in the 1950's are no longer applicable today."

In the article "Several Opinions on Drafting 'The Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China'," Comrade Chen Yun pointed out that it is urgent for all party members to make an effort to study Marxist philosophy and party history. He said: The reason why we made mistakes in some work after the founding of the Republic was because we ignored the principle of seeking truth from facts. Therefore it is of fundamental significance to encourage party members, cadres, and young people to study philosophy and some history. We should pay special attention to this matter today, tomorrow, and in the years to come.

In the articles "Speech at the First Plenary Session of the Central Discipline Inspection Commission;" "The Issue of the Ruling Party's Conduct Is an Issue Concerning the Party's Survival"; and "Speech at the 2d Plenary Session of the 12th CPC Central Committee," Comrade Chen Yun expounded on the issue of the improvement of the ruling party's conduct. Elevating the issue of the ruling party's conduct to the level of the party's survival, Comrade Chen Yun stressed in those articles that the basic tasks of the party's discipline inspection departments are to safeguard party regulations and laws, and improve party conduct. He pointed out that, in the course of restructuring the economic system, the questions of "liberalizing" party regulations and party discipline do not exist. He said: After assuming national power, the party is now in control of the leadership in all quarters, from the central departments to the grass-root units, and from enterprises and institutions to production teams, and party members can seek personal gains with all types of power in their control.

While the overwhelming majority of party members refuse to seek personal gains, a significant number of party members have also made mistakes, and even broken the law, by seeking personal gains. If we do not harshly punish those who abuse their power and seek personal gains, and if we do not stop, or cannot effectively stop, this gust of ill wind, party conduct will degenerate and the party will lose popular support. He added: While implementing the correct policy of opening to the outside world, we must also watch out for the negative influences of this policy. The current situation shows that we have not done enough in guarding against the negative influence.

In view of the historical lessons, Comrade Chen Yun has on many occasions after the 3d Plenary Session of the 11th CPC Central Committee stressed the need to reinstate and uphold the principles of democratic centralism, saying that the most important job of the party is to create a lively political atmosphere where party members can have peace of mind. He pointed out in the article "Establishing the Central Secretariat Is an Important Measure of the Party" that there should be both democracy and centralism under the system of democratic centralism. He said: It is not bad that different opinions are permitted in a party organization at any level. When different opinions are allowed, everybody will be more careful and will do their work more rationally. When debates are permitted among people with different opinions, there will be fewer mistakes. It is bad that only one person has a say, or that we count on only one person. This is something concerning democracy. However, we also need centralism, which means that the minority should submit to the majority, and that all party members should submit to the Central Committee, otherwise nothing can be accomplished.

In the articles "It Is an Urgent Matter To Promote and Train Middle-Aged and Young Cadres;" "Promote Tens of Thousands of Middle-Aged and Young Cadres"; and "Speech at the 12th National Party Congress", Comrade Chen Yun elaborated on the issue of the training of cadres. In view of the ageing of veteran cadres and the temporary shortage of successors inside and outside the party, as well as the painful experiences of selecting successors, Comrade Chen Yun explained time and again that it is a pressing matter of the party and the state to train and use tens of thousands of middle-aged and young cadres who have political integrity and ability. Regarding the structure of the contingency of cadres; he proposed that there should be first, second, and third echelons of cadres. Thus, building a contingent of cadres with cadres of different echelons has become a major decision of regarding the party's organizational construction. On promoting cadres, he stressed: While we must on the one hand have the courage to speed up promoting middle-aged and young cadres, we must on the other hand make sure that they are politically qualified. Of these two requirements, political integrity and ability, political integrity is more improtant. This is to say that we should promote those who have strong party spirit, who are upright, and who dare to uphold principles. None of those who are capable but who lack political integrity should be promoted.

He urged veteran cadres to uphold lofty ideals, attach greatest importance to the party and state cause, take the lead in vacating their posts, let the large numbers of middle-aged and young cadres shoulder the heavy burden of their posts, and always be ready to advise and perform the duties of passing on experience to them, assisting them, and setting an example for them.

In the two articles "Spiritual and Material Construction Should Be Attended to at the Same Time;" and "It Is Imperative To Stop the Phenomenon of Ignoring Spiritual Construction," Comrade Chen Yun discussed the inseparable relationship between socialist material construction and spiritual construction. He pointed out that all comrades in the party must attach great importance to and correct the acutally existing common phenomenon of ignoring spiritual construction, and that the ruling party's conduct, heightening Communist Party members' political consciousness, and firmly preserving the purity of communism.

With specific objectives in mind, the article "Speech at the National CPC Conference" stressed the following: the contingent of cadres must preserve its echelon structure; food production must still be attended to; socialist economy must be planned and proportional; it is necessary to intensify ideological and political work and safeguard the authority of the party's ideological and political work departments; and upholding democratic centralism is a principle prescribed in the party Constitution. Commenting on the issue that socialist economy must be planned and proportional, Comrade Chen Yun reiterated that planned economy should play the leading role and market regulation the supporting role. He pointed put: There are mandatory plans and guidance plans. While these are two different types of plans, they should employ all types of economic regulatory means in a planned manner. A guidance plan is not the same as market regulation. Market regulation means that production is not planned, but is carried out according to changes in supply and demand on the market. In other words, it is regulation without a specific course. Planning is the principal basis of macroeconomic control. Only when there is effective macroeconomic control can microeconomic activities be invigorated in an orderly manner. All these discussions are of realistic guiding significance for China's current socialist construction and economic reform.

The last part of the volume has also included four important articles Comrade Chen Yun wrote during the New Democratic Revolutionary Period. These four articles, which were discovered not long ago, are: "Transmittal Outlines of the Political Bureau's Enlarged Zunyi Conference"; "Late at Night One Day'; "Persist in the Struggle in the Bastion in Southern Manchuria'; and "Cadres' Children Should Never Act Like Heroes' Children." According to time sequence, these articles should be incorporated in Volume I. The readjustment will be made in the second printing.

JILIN LEADERS PROPOSE MEASURES TO CHECK MALPRACTICES

SK160810 Changchun Jilin Provincial Service in Mandarin 2100 GMT 15 Jun 86

[Text] On the afternoon of 13 June, leading comrades of the provincial CPC Committee put forward four demands concerning the issue of how to check the malpractices cropping up in specific industries and trades after hearing reports given by the relevant departments and bureaus with regard to the measures and results scored in checking the malpractices cropping up in specific industries and trades.

Leading comrades of the provincial CPC Committee stated: In order to achieve a fundamental turn for the better in party style, it is imperative to realistically check the malpractices characteristic of specific industries and trades. This constitutes current important work in straightening out party style, which includes the following tasks:

1. Efforts should be made to strengthen ideological education and to earnestly conduct education on serving the people and carrying out the party's fundamental targets among the working personnel of various industries and trades. The party's policies should be realistically carried out by the working personnel of various circles at all levels who have a direct relationship with the masses. Therefore, what they say or do reflects the party's policies and the relationship between the party and the masses. Efforts should be made to enhance ideological education among them, and, on the basis of upgrading ideological consciousness, to extensively carry out the education on [passage indistinct].

2. A good job should be done in fostering typical cases. Efforts should be made to vigorously deal with major and serious cases on the one hand and to grasp typical cases of seriously violating the law and discipline and of seeking personal gain by taking advantage of power on the other to draw lessons in teaching the masses. Efforts should be made to grasp advanced cases on the other hand. Industries and trades should regard their advanced cases as examples in encouraging and supporting the people to go all out to make progress.

3. Efforts should be made to uphold the principle of conducting reforms, to implement policies, and to establish or improve regulations and rules. Economic departments should enforce economic responsibility systems with contract agreements as the main content in order to closely integrate individual interests with the state interest. Newly established economic departments should also establish responsibility systems in order to enable everyone to know what they should do and what they should not do and to enable the working personnel to (?have rules to follow).

4. Efforts should be made to enhance leadership over work. In checking malpractices among various industries and trades, the party committees of various localities should unify their leadership over this work. The higher-level departments in charge of professional work should also enhance their leadership over work. The management of various industries and trades should not only govern the business, but also should govern personnel affairs. The managerial personnel should not only grasp professional work but also should grasp ideological work and the work style of their own industries and trades. [passage indistinct] Leadership should show concern over the working personnel in various fields. Provincial-level organs should set examples in this regard for all units throughout the province. Activities of studying the principle of leadership representing service and of inspecting the implementation of the principle should also be deeply carried out.

JILIN SCORES ACHIEVEMENTS IN RURAL PARTY RECTIFICATION

SK181254 Changchun Jilin Provincial Service in Mandarin 0930 GMT 17 Jun 86

[Text] Party committees at all levels throughout the province have scored marked achievements in launching the party rectification drive at the township-town level since the beginning of 1986 thanks to enhanced leadership and effective measures. They have dealt with some problems in a down-to-earth manner.

Since the beginning of the drive, localities throughout the province have firmly grasped the problem of seeking personal gain by taking advantage of power committed by personnel of townships and towns, and have concentrated on checking the malpractices of spending public funds on giving receptions and gifts to guests and conducting extravagant drinking and eating. They have also examined and recovered arbitrarily distributed bonuses, clothes, and foodstuffs, as well as long-standing arrears in public funds spent by the cadres at the township-town level; and have investigated and checked the malpractices of making things difficult for the masses and extorting money from the masses by taking advantage of specific powers, and the problems of apportioning expenses arbitrarily, imposing fines arbitrarily, collecting funds arbitrarily, conducting price hikes arbitrarily, and of making job arrangements for children and relatives by taking advantage of positions and power. Meanwhile, cities and countries have paid attention to investigating and checking the malpractices committed by cadres at the township-town level, such as occupying excess housing floor space and houses and holding extravagant wedding parties and funeral services. They have investigated and dealt with a large number of economic crimes of embezzlement, robbery, speculation and profiteering.

In launching the party rectification drive at the township-town level, localities throughout the province have further unified their understanding on the drive to conduct reforms in the rural areas, straightened out the guiding ideology on rural work, and have enhanced their consciousness in making a success of conducting second-stage reforms in the rural areas.

Through education conducted by various localities throughout the province on party rectification, leading cadres at the township-town level have further learned the concept of leadership representing service, overcome their bureaucratic work style, and have begun to change their organs from administrative ones to ones in charge of service and guidance. The broad masses of cadres at the township-town level have further enhanced their devotion to the revolutionary cause and fostered a stronger idea of serving the people. They have scored better achievements in helping the masses deal with practical problems in production and livelihood by going deep into the grass-roots-level units.

Through conducting party rectification work, localities throughout the province have also promoted the drive to conduct reforms and economic work. By regarding the party rectification drive as the motive force, townships and towns throughout the province have accelerated the pace of conducting second-stage reforms in the rural areas and carrying out economic work. They carried out spring farming in a down-to-earth manner and better fulfilled the tasks of signing fixed-quota grain purchase contracts, repairing or building water conservancy facilities, and implementing the family planning targets. Since spring, the province's temperature has been on the low side, which has caused serious disasters. Townships and towns throughout the province have organized the broad masses of peasants to plunge into the struggle against the disaster and to adopt active measures to examine seedlings and replant crops in order to reduce losses as much as possible. Those that have begun to engage in the party rectification work of examination and comparison and in later-stage work of party rectification have found their shortcomings in ideology, systems, and work by analyzing and studying the problems cropping up in the drive to conduct reforms in the rural areas.

They have formulated plans aimed at dealing with these problems. In particular, many townships and towns, in line with their actual situation, have earnestly made arrangements for fulfilling the Seventh 5-Year Plan for the rural areas and placed their work emphasis on gradually developing a diversified economy, township-and-town-run enterprises, and commodity production. By proceeding from their actual situation, they have also made the best use of the current situation in readjusting their production structure in order to accelerate the pace of developing a diversified economy and township-and town-run enterprises.

LIAONING: SHENYANG WORKERS BUY STOCK IN COMPANIES

OW021630 Beijing XINHUA in English 1426 GMT 2 Jun 86

[Text] Shenyang, June 2 (XINHUA) -- Bai Shuyu, a woman working at the Shenyang small-compressor plant, has bought 200 yuan worth of stocks in the factory. She said: "Although my holding is small, the plant's fate and mine are now linked more closely." She is one of 937 workers who have become shareholders in the plant. Their stocks have a total value of 200,000 yuan.

In Shenyang, capital of Liaoning Province, 20 collectively-owned factories are now encouraging workers to buy shares in their own factories.

In China, thre are three types of enterprises: the state-owned factories, collectively-owned enterprises and privately-owned businesses. In the past collectively-owned enterprises were managed just like the state-owned ones. Now the new system introduced aims at restoring the original nature of the enterprises.

An official of the city's machine-building industrial department said they now planned to spread the system to all their 216 collectively-owned factories over the next three years. The official said the shareholding scheme was encouraging the labor force to work harder for economic success.

The city authority began to pilot the new reform at two factories last June. They divided the shares into three types: state shares, collective shares and private shares. Under the scheme, if an enterprise achieves good economic results, workers enjoy share dividends from both collective and private shares, while state revenue is also boosted. If an enterprise incurs a loss, the workers earn no dividend, and the factory must make up the loss from future profits.

With both the new source of funds and working zeal, the small-compressor plant set up three laboratories and upgraded products within six months. The workers also made 96 suggestions aimed at improving economic results. The plant's industrial output value totalled 5,730,000 yuan with a profit of 600,000 yuan last year, 24.5 and 26.6 percent respectively more than in the previous year.

Local officials say the effective ownership of the enterprises remains in the hands of the state and collectives, as they hold an overwhelming majority of shares.

GANSU PARTY LEADER STRESSES SUPPORT FOR REFORMERS

HK190357 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 18 Jun 86

[Excerpts] Provincial CPC Committee Deputy Secretary Hou Zongbin pointed out at a 18 June forum in Wuwei City to some rural reformers and able hands that in getting rich, leaders at all levels must take a firm and clear-cut stand in supporting and protecting reformers and boldly employing able hands.

Hou Zongbin arrived at Wuwei on 16 June. In the past 3 days he has visited a number of rural entrepreneurs, specialized households, and able hands in getting rich, and has obtained a detailed picture of local urban and rural reform problems. He has found out that the phenomenon of censuring and reproaching reformers still exists. Some people, acting out of their own interests, write letters laying charges against them and spread rumors and slanders. As a result many reforms and able hands have developed ideological misgivings. This has affected the smooth progress of reform.

Hou Zongbin said at the forum that reform remains the primary task during the Seventh 5-Year Plan. The leaders at all levels must support, employ, and protect the reformers and encourage them to lay down their burdens, set aside their misgivings, and work boldly at reform.

We must in particular not pass down to the lower levels anonymous letters that slander and censure reformers, no matter at what level the problems are reported. Such letters should not be investigated or published. We should seriously and promptly deal with letters written in a responsible attitude of being concerned about reform which report on shortcomings and mistakes in reform. As for letters bearing a false signature, we must first check whether there is such a unit or person. If there is, we should investigate the problems reported in the letter. If there is not, the letter will be dealt with as anonymous, and no action will be taken on it. In this way, we can both support the reformers and also establish a new social mood and morality.

GANSU: QUALITY OF SOME CONSTRUCTION PROJECTS DECLINES

HK131515 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 11 Jun 86

[Excerpts] At present, due to continuous increase in urban and rural construction forces, to poor management, and to insufficient ideological and political work, the quality of some construction projects in our province has declined.

Over the past few years, the construction trade and reform of the management system of provincial capital construction has started early and progressed quickly. Marked achievements have been scored. However, as construction forces, particularly the urban and rural construction forces, have quickly developed, the technological level and management work have been unable to catch up with development. Many enterprises' operational ideology is not correct enough and they have put undue emphasis on the output value and the interests of the enterprises themselves but disregarded the social benefit and quality of the construction projects. Since 1984, three single-story houses have collapsed after they were made available to users and two Western-style houses have been demolished and rebuilt after completion. At the same time, the quality of some projects is inferior. Some other projects have unsafe structures due to their poor quality. This has caused hidden trouble.

According to a report of the Lanzhou City construction quality supervision station, in the second half of last year, serious problems of quality existed among the 12 construction projects under the supervision of this station. Since the beginning of this year, due to poor quality, some 10 construction projects have been suspended or delayed.

GANSU RADIO COMMENTARY STRESSES CONSTRUCTION QUALITY

HK131517 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 11 Jun 86

[Station commentary: "Put the Quality of Construction Projects in First Place"]

[Excerpts] Our attention must be drawn to the current problem of the declining quality of construction projects in our province. The products of construction enterprises are different from ordinary consumer goods and should be strong and durable.

Over the past few years, in the wake of the implementation of the economic contract systems and after peasants had gone into urban areas to engage in the construction trade, some people have put undue emphasis on output value and economic results but disregarded the social benefit of the quality of the construction projects. Some units even once abolished the quality supervision and inspection departments and paid attention only to the economic results of the enterprises.

To improve the quality of the construction projects, it is therefore necessary first to correct the enterprises' oeprational guiding ideology and to put the quality of the construction projects in the first position. Under the premise of guaranteeing quality, it is essential to speed up construction and to control the quotation of construction prices. At the same time, it is imperative to establish construction quality supervision organs and put them on a sound basis.

In addition, the qualified management personnel and scientific and technological personnel of the construction trade of our province are insufficient and the political, cultural, technical, and professional levels of the existing construction forces are not high. The technological ability of some township enterprises and peasant construction teams is weak and their management level low. Some have even lacked general knowledge of construction. Therefore, it is imperative to vigorously train technological and management personnel and technical workers, to strengthen the management of the township enterprises and peasant construction teams of the supervision of quality, and to give technology guidance to them.

It is necessary to strictly examine the qualification of the design and construction enterprises, to strictly prohibit subcontract of construction projects, designing without a license, and bypassing the immediate leadership and applying for construction to a higher level. It is essential to really guarantee the quality of the construction projects.

GANSU LIFTS RESTRICTIONS ON COMMERCIAL ENTERPRISES

HK131153 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 11 Jan 86

[Excerpts] The provincial government has recently instructed departments concerned that it has decided to further lift policy restrictions on commercial enterprises to promote the work of commercial departments and to make our province's commercial system prosperous.

In light of the characteristics that commercial enterprises are scattered here and there and capital is decentralized, the provincial government has agreed to adopt as many preferential policies as possible toward enterprises to enhance enterprises' ability to transform and develop.

First, it is necessary to suitably reduce or remit enterprises' regulatory tax. This year, in accordance with the specific situation of different trades, a reduction of 2 million yuan will first be made.

Second, all enterprises run by contract must implement the policies laid down by the state. That means that the contract charges of the enterprises under state ownership or which are run by collectives will be reduced by half. Small shops in remote places where the numbers of people are small can be sold to individuals at an evaluated price in monetary terms and this can be dealt with in accordance with the policy toward individuals. The period of repayment for fixed assets and floating capital used by the enterprises which have changed to enterprises under collective ownership can be extended and, during the period of repayment, charges for the use of the fixed assets and floating capital will be remitted.

Third, in the issuing of bank loans and in the amounts of bank loans, it is essential to take care of commercial enterprises.

Fourth, the development funds which are allocated from the enterprises' retained profits and which are decentralized can be centralized and used by a department-in-charge but must be repaid in a specified period.

Fifth, with city and county commerce bureaus as units, the [words indistinct] personnel of the state-run commercial units [words indistinct].

Sixth, it is imperative to take resolute measures to lighten enterprises' social burdens. The retained profits which are to be taken in proportion from enterprises by a commercial administrative department need not be paid for 3 years from this year in accordance with differing situations.

NINGXIA MEETING URGES CRACKDOWN ON ECONOMIC CRIME

HK190555 Yinchuan NINGXIA RIBAO in Chinese 27 May 86 p 1

[Report: "Be Resolved To Launch in-Depth the Crackdown on Serious Economic Crime"]

[Excerpts] The Ningxia Regional CPC Committee convened a meeting of responsible persons of prefectural, city, county, and district departments on the afternoon of 25 May. The meeting stressed that it is essential to eliminate carelessness and slackness, strengthen leadership, and summon up great resolve to crack down on serious economic crime.

Li Xuezhi, Hao Tingzao, and Liu Guofan, leading comrades of the regional CPC Committee, and comrades of the inspection group of the Central Commission for Guiding Party Rectification attended the meeting. Li Xuezhi and Hao Tingzao made speeches.

Li Xuezhi focused on the question of party style, pointing out that there has been a turn for the better as a result of party rectification. However, there are still many problems, and the party committees at all levels must actively, seriously, and consciously act to resolve them. It is necessary to strengthen leadership and set up target responsibility systems.

Comrade Hao Tingzao's speech focused on party rectification work, launching in-depth the struggle to crack down on serious economic crime, and structural reform. On party rectification, he stressed that the party organizations at all levels must not think of relaxing but must continue to work hard at straightening out the party style. In units where party rectification has basically been completed, the party organizations must carry out inspection and supervisory work to consolidate and develop the fruits of party rectification. The problems unearthed through inspection must be seriously resolved. In particular, we must eliminate all difficulties and clear away all obstacles in seriously dealing with major and important cases. As for party rectification at village level, study and corrections should be carried out before rectification begins, and they should not wait to solve problems that can be resolved.

Speaking on cracking down on serious economic crime, Hao Tingzao pointed out: We must realize that economic crime in Ningxia remains extremely serious. Crimes are committed while the crackdown is being carried out; there is an increase in the number of party-members cadres involved in cases, and the involvement of old party members is also quite conspicuous; the scope of the cases is broad, involving not only economic and administrative departments but also the public security departments, procuratorates, and courts; and there is a marked incidence of economic crimes in the financial system, especially in the agricultural banks. In the current new situation of reform and opening up, we must by no means relax vigilance against and take lightly serious crime in the economic field. Relaxation and carelessness are extremely wrong and dangerous.

Hao Tingzao said there are both objective and subjective reasons for the present increase in economic crime. The main, fundamental reason is that the CPC Central Committee's strategic principle on "grasping with two hands" has not yet been profoundly comprehended by the party organizations and leading comrades of certain areas and departments in Ningxia. They therefore lack sufficient understanding of the long-term, arduous, and complex nature of the struggle to crack down on serious economic crime, and lack a sense of urgency over it. Some comrades set the crack down on economic crime against invigorating the economy, erroneously holding that launching this struggle will hamper the implementation of the party's economic invigoration policy. Some comrades base their actions on individualism and departmentalism; for the sake of the interests of their own area or unit or a small number of people, they pay no heed to the overall situation and do not dare or do not want to grasp the struggle, and even fail to report or investigate cases. Some comrades take a negative attitude of "waiting to see and taking it easy" in investigating and dealing with economic crime cases. In particular, they take an attitude of avoiding dealing with economic criminals who wave the banners of "invigoration," "reform," and "able hands," because they are afraid of being accused of obstructing reform.

Some people fail to uphold the correct principle in employing people, and rashly promote to key economic posts certain "able hands" who are seriously in question and even some with criminal records. Certain leading comrades who have bad work style, abuse their powers, and have been involved in economic crime themselves are afraid of "stirring up a hornets' nest" and "opening a can of worms." Certain people, who indeed act out of "soft-heartedness," do everything possible to protect criminals and get them off the hook. Ideological and political work is very weak in certain units, with the result that some people there "look for money everywhere."

In particular, certain units fail to crack down hard on economic crime and fail to turn over the cases to the political and legal departments, or to institute the proper prosecutions; they impose meaningless punishments instead of severe ones. Thus a number of criminals have been allowed to go free. All these things have helped to inflate the arrogance of economic crime. We must therefore summon up great resolve to carry out in depth the struggle to crack down on serious economic crime, to ensure the correct implementation of the principle of "enlivening the domestic economy and opening up to the world" and the smooth progress of the socialist modernization drive.

Hao Tingzao said that economic crime is even harder than ordinary crime to crack down on; the situations are more complex, and there is a strong sense of policy and law. We must be both resolute and accurate in cracking down on it. Comrade Hao Tingzao pointed out that launching in depth the struggle to crack down on serious economic crime is a job for the whole party. We must fight a "general battle" under the unified leadership of the party committees. We must pay attention to solving the following three problems: 1) The discipline inspection commissions and the political and legal, industrial and commercial, and auditing departments must have clear division of work and also closely cooperate with each other. 2) We must persist in "grasping the systems and having the systems grasp the work." 3) We must follow the mass line in dealing with major and complex cases involving broad areas; that is, we must, to a certain extent, mobilize the masses who know about a situation to expose it.

SHAANXI COMPLETES TRANSFER OF PEOPLE'S ARMED FORCES

HK121528 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 11 Jun 86

[Text] Our province has successfully completed the work of handing over people's Armed Forces departments to local authorities. By 11 June, 102 county, city, and district People's Armed Forces departments had all been handed over to local authorities. In the course of handing over the People's Armed Forces departments, in coordination with the Army, local CPC committees and governments at all levels did a lot of practical and meticulous work. The provincial CPC Committee and provincial government on many occasions listened to the reports of the hand-over leadership groups and promptly gave guidance to the hand-over work. All counties and districts showed concern for People's Armed Forces department cadres on their own initiative and vigorously resolved practical difficulties in work and livelihood for People's Armed Forces departments.

On the basis of carefully transferring and allocating People's Armed Forces department cadres, in conjunction with party rectification of the People's Armed Forces departments, the Shaanxi Military District and all military subdistricts penetratingly conducted education for the People's Armed Forces department cadres in being subordinate to the overall situation. They also helped the People's Armed Forces departments rectify organs' work style, make an inventory of their property, and train newly transferred cadres. Since the hand-over work, all county, city, and district People's Armed Forces departments have generally improved their housing and work conditions. The problems of arrangements for the work of the great majority of the family members of the People's Armed Forces department cadres newly transferred and the problems of the schooling and nursing of their children have been properly solved. The quality of the ranks of the People's Armed Forces department cadres has generally improved. The average age of the cadres is some 3 years younger than before. The number of cadres who have the cultural level of senior middle school or above is some 26 percent more than before. They fervently cherish the Armed Forces work and their ideology is stable. They have the professional ability to do their job well and have some experience in grass-roots work.

PRESIDENT APPOINTS NEW DEFENSE MINISTER, OTHERS

OW210447 Taipei Domestic Service in Mandarin 2300 GMT 18 Jun 86

[Text] The president has issued the following decree: Sung Chang-chih, minister without portfolio of the Executive Yuan and minister of defense, be dismissed from his present posts for reassignment;

Wang Tao-yuan be appointed minister of defense and minister without portfolio of the Executive Yuan;

Hsiao Tien-tsan be appointed minister without portfolio of the Executive Yuan.

Wang Tao-yuan be dismissed from the office of secretary general of the National Security Council during the Mobilization and Rebellion Suppression Period;

Chiang Wei-kuo be appointed secretary general of the National Security Council During the Mobilization and Rebellion Supression Period;

Chiang Wei-kuo be dismissed from the office of director of the Joint Tactical Operation Training Department of the General Staff Headquarters, and second-class general of the Army, for reassignment [words indistinct];

Sung Chang-chih, first-class general of the Navy, be appointed strategic advisor of the presidential office.

KMT APPOINTS 12-MAN COMMITTEE TO STUDY REFORMS

HK210540 Hong Kong AFP in English 0535 GMT 21 Jun 86

[By Hsin-hsin Yang]

[Text] Taipei, June 21 (AFP) -- The ruling Kuomintang (KMT) has named 12 top party leaders to put together a package of proposed reforms aimed at liberalizing the regime, a KMT source said Saturday. The source said 12 members of the party policy-making body, the Central Standing Committee, had met Friday to outline a framework for political reform.

They are to coordinate studies and liberalization in six areas, including the country's congress system, local self-government, social security issues and party affairs. They are also to look into national security laws, including martial law, and the formation of civilian groups under a ban on parties, the source said. No further details were immediately available.

It was the first positive response of the KMT, which has been in power since 1949, to demands by liberals and the opposition for a lifting of martial law and the ban on parties, observers said. Liberals and the opposition had also urged the KMT to rejuvenate the congress, which comprises the National Assembly, the Legislative Yuan (Parliament) and the Control Yuan, the country's highest watchdog body, by holding general elections. Some 70 per cent of the congress members were elected in China before 1949 when the KMT was defeated by the communists and retreated to Taiwan.

Friday's move came after a series of actions which reflected President Chiang Ching-kuo's commitment to carry out democracy and to achieve a compromise with the opposition, observers here said. The KMT relaxed its party ban on May 10 by allowing the Tangwai Research Association for Public Policies (TRAPP), a major opposition group, to open branch offices, paving the way for political party.

The authorities also subsequently condoned a demonstration staged by some 200 opposition members against martial law as it entered the 38th year on May 19, and seven street protests launched by three opposition members before they went to jail for libel. Under martial law, the authorities are empowered to disperse any gathering which they deem would endanger social stability.

On Wednesday, President Chiang appointed a civilian, 73-year-old Wang Tao-yaun, to head the Defense Ministry, easing public worries that the military might intervene in the government one day.

President Chiang also named Hsiao Tien-tsan as minister of state in the cabinet, bringing the total number of native Taiwanese to four out of seven. Mr Hsiao is one of the three deputy secretaries of KMT's policy coordination committee who started reconciliation talks with the opposition last month.

REACTION TO NEW TAIWAN APPOINTMENTS REVIEWED

HK210310 Hong Kong AFP in English 0255 GMT 21 Jun 86

[By Hsin-hsin Yang]

[Text] Taipei, June 21 (AFP) -- President Chiang Ching-kuo's latest appointments reflects a commitment to keeping the military out of government and to the development of democracy in Taiwan analysts here say. Analysts are also debating whether the president might be preparing to pass on power to his younger half-brother by making him secretary general of the National Security Council (NSC), technically the country's highest administrative organ.

On Wednesday the 75-year-old Mr. Chiang named a civilian, 73-year-old NSC Secretary General Wang Tao-yuan, as national defence minister to replace Admiral Soong Chang-chih. Mr. Chiang appointed his 69-year-old half-brother, General Chiang Wego, NSC secretary general to succeed Mr. Wang.

Hsiao Tien-tsan was made minister of state in the cabinet. Mr Hsiao is one of the three deputy secretaries general of the Policy Coordination Committee of the ruling Kuomintang (KMT or National Party), who represented the party at reconciliation talks with the opposition that began last month.

"The three appointments symbolise the government's determination to execute democracy," said an editorial in the UNITED DAILY NEWS on Friday. "Taiwan will not fall victim to military intervention at critical points in its democratic development as people in the country and overseas fear." It added: "We have reason to believe that issues involving national security will be handled with rational and forward-looking views within the framework of democracy and the needs of the country under the new NSC secretary general."

Commented Li Hung-hsi, professor of law at the national Taiwan University: "The message is that the president does not like a military government and he is continuing his efforts to establish a good base for democracy."

Chin Shen-pao, political science professor at National Cheng Chi University, said: "It is obvious the president is putting his words into deeds to east public worries that the military will interfere with government one day."

On December 25, Mr. Chiang said in a Constitution Day message: "Our country is built on a Constitution and our next president will be produced according to the Constitution. That is, members of the National Assembly will have to choose one on behalf of the people. If anyone asks whether there is a possibility the country would be ruled by military, my answer is: There couldn't be and there won't be."

Mr. Chin said that while appointing a civilian defence minister did not mean playing down the importance of the military, it signified less chance of a military takeover of the government. Mr. Chin disputed speculation that the president was grooming his half-brother to succeed him. Nor did he accept the theory that the NSC would function as the heart of a collective leadership to succeed the president.

The NSC comprises all top government figures with the president as chairman. But over the years its function has been limited to reviewing national budgets, with most other major decisions being left to the Parliament. "The NSC has never played any real, significant role in the administration and there have been no signs that it will do so in the future," said Mr. China.

Moderate opposition leader Kang Ning-hsiang contended that the new appointments were a sign the president was arranging a collective leadership in the KMT's Central Standing Committee.

"The real power would be gradually shifted to the committee with the suport of the military under the civilian minister and national security forces commanded by Gen. Chiang," he said.

Opposition legislator Fei Yu-ching said the new appointments were a possible sign of a more relaxed approach to the opposition. He said the military and security branches under Adm. Soong had not been well disposed towards the opposition because "they were trained to be loyal only to the party or certain individuals instead of the nation as a whole."

Mr. Li, the law professor, said: "The dialogue between the KMT and the opposition is expected to continue with the obvious support of the big boss."

COMMENTARY VIEWS PUBLICATION OF CHEN YUN WORKS

OW221002 Taipei International Service in English 0200 GMT 22 Jun 86

[Station commentary]

[Text] Peking announced on Monday that Volume Three of the Collection of Chen Yun's works has been published for mass circulation on the Chinese mainland. The Communist press played it up as a major event. In a sense, it is a major event.

The publication and distribution of the book is closely related with Red China's current economic reform, and reflects the divergence of views regarding the scope and pace of the reform. The collection includes 56 articles written by the author between 1956 and 1985. Among them, 44 articles were published for the first time. During this long period, Chen Yun held various high posts, mostly, concerning economic development. His articles tell his views on the subject. These articles also reveal some of the inside stories about Peking's power struggle. For example, Chen spoke out in March 1977 for the reinstatement of Teng Hsiao-ping and called for reversing the verdict on the Tien An Men uprising. At the 3d Plenum of the Communist Party 11th Central Committee held in 1978, Chen also demanded the posthumous rehabilitation of Peng Teh-huai. All these indicate that Chen played a pivotal role in reinstating the old guards purged during the Cultural Revolution. The contribution, plus his prestige as Peking's economic czar in the 1950's and early 60's makes him a force to be reckoned with.

Chen is often regarded as a conservative as contrasted with the reformist camp headed by Teng. Acutally Chen was among the first to have advocated reform. The two men also see eye to eye on the need to confine economic reform within the framework of the Communist system. This is reflected in Teng's call for adherence to the four basic principles. However, Chen's idea of economic reform is more orthodox than Teng's. For instance, Chen insisted on central planning as the key feature, with market economy playing a supplementary role in the reform. Chen also is against another great leap forward. Instead, he suggested that economic growth should be sought on the basis of stability. Chen's other article of faith is that food production should remain the key link of economy. He warned that food shortage would result in chaos.

Generally speaking, Chen is more cautious then Teng. Chen favors a smaller cage for the bird of economic reform, whereas Teng wants the cage enlarged. Although Teng and his top aides ignore Chen's objection to the launch of their version of reform, the implementation of the reform has given rise to a host of problems, many of which have been forewarned by Chen. The development has enabled Chen and his followers to say to the Tengists "we told you so." As a result, Peking's economic reform has almost ground to a halt. Naturally, Chen's prestige has soared to a new height as a result. Hence, his works will carry more weight within the ruling hierarchy. That is the main reason behind the publication and distribution of his collected works.

CABINET APPROVES NEW VICE MINISTER OF JUSTICE

OW192002 Taipei CNA in English 1459 GMT 19 Jun 86

[Text] Taipei, June 19 (CNA) -- The Executive Yuan in a meeting Thursday approved the nomination of Lin Hsi-hu as administrative vice minister of the Ministry of Justice. The incumbent, Chen Han, has been assigned to another post. Lin, 60, a native of Taiwan, graduated from the Central Police Academy. He has been prosecutor, judge, and chief prosecutor in the courts.

XINHUA OFFICIAL COMMENTS ON DENG XIAOPING RETIREMENT

HK220302 Hong Kong TA KUNG PAO in Chinese 22 Jun 86 p 4

[Report: "Xu Jiatun Told Reporters Yesterday the Question of Deng Xiaoping's Retirement Will Be Decided by the CPC Central Committee"]

[Excerpts] Xu Jiatun, director of the Hong Kong Branch of XINHUA, spoke to reporters on a public occasion yesterday. On the question of Deng Xiaoping retiring next year, he said that the retirement of Deng Xiaoping is a question that needs to be decided by the CPC Central Committee; at present, it is only Deng Xiaoping's wish.

He said that during the second meeting of the Basic Law Drafting Committee, Chairman Deng Xiaoping did say when receiving his guests that he wanted to retire, but he gave no specific time for this.

He said that Deng Xiaoping's idea is that people should consider retiring as early as possible to allow young people to replace them. However this is only the personal desire of Deng Xiaoping, and we will have to see what the CPC Central Committee thinks about it, and thus whether he will in fact retire or not.

Asked for his personal view, Xu Jiatun said that he personally does not think that Chairman Deng will be able to retire next year.

Asked about his own retirement, Xu Jiatun laughingly said that he does not know; he will retire when higher authority approves. Asked if he has applied to retire, Xu said he has not.

KUANG CHIAO CHING Examines Issue

HK220854 Hong Kong KUANG CHIAO CHING in Chinese No 165, 16 Jun 86 pp 6, 7

["Exclusive Report" by Lu Yi-chun: "Deng Xiaoping Wants To Retire" -- first paragraph is KUANG CHIAO CHING introduction]

[Text] Recently, Deng Xiaoping has twice mentioned his intention to retire. He mentioned it to T.K. Ann and Cha Chi-ming on one occasion. Deng Xiaoping suggested that at his age, he did not know when troubles would come and that it would be better to experience them now than in the future. If Deng retires, other senior statesmen would follow suit. By then, there will be a new situation in China's leading bodies. Thus, the whole world is focusing its attention on this....

"Deng Xiaoping mentioned his intention to retire and has made preparations for his retirement!"

Deng Xiaoping Twice Mentioned His Retirement

On his arrival in Beijing, this reporter's well informed friends immediately told him this important news.

"Really?" The reporter was surprised and he could not believe it.

"Yes! His most recent mention of it was in the presence of several central responsible persons. On another occasion, he mentioned it to several people from Hong Kong!"

"Really? Who were the persons meeting Deng Xiaoping then and which of them heard Deng Xiaoping's mention of this intention to retire?"

"Such Hong Kong celebrities as T.K. Ann and Cha Chi-ming were present. Also present on the occasion were Ji Pengfei, director of the Hong Kong and Macao Affairs Office and Yan Mingfu, director of the CPC Central Committee's United Front Work Department and 'tomorrow's star' described in the previous issue of KUANG CHIAO CHING."

This reporter tried to gather more information on the basis of this news. He called one of the persons present on the occasion and this person confirmed that Deng Xiaoping had mentioned his intention to retire. He said: "You are so well informed! He did say that! And he was really serious!"

Deng's Intention To Retire Suggests That the Situation in China Is Extremely Stable and Normal

Not many people in Beijing know that Deng Xiaoping wants to retire. The news is circulating within very restricted circles.

However, this reporter's friends, who know much, told the reporter: It is only normal that Deng Xiaoping should have this intention. This shows that the current situation in China is very stable and normal and that even if he retires, there would not be trouble or adverse effects. If he retired a few years ago, the situation would have been too dreadful to contemplate.

The End of the Next Term of Office Will See Deng Xiaoping at 88. In That Case, the Leading Body Will Become Even More Aged

Deng Xiaoping, 82, will be 83 next year. The CPC will hold an important meeting, the 6th Session of the 12th CPC Central Committee, in the second half of this year, and its 13th national congress in the coming year (1987). Between now and then, there will be high-level personnel changes. The reforms dictate major personnel and organizational changes. If Deng Xiaoping remains a member of the CPC Political Bureau Standing Committee and the chairman of the Central Advisory Commission at the "13th CPC National Congress," he will be 88 by the end of the term of his office. He will then be too old and there would be unfavorable opinions abroad. This may not produce totally desireable effects. All this can be expected.

President Li Xiannian, 81, is also a member of the CPC Political Bureau Standing Committee. Earlier, he was hospitalized and thus unable to meet the heads of several foreign states. Chen Yun, 82, is as old as Deng Xiaoping. Should they be reelected members, the problem of the aging leadership would become very serious. Also advanced in age are Peng Zhen, 84, Yang Shangkun, 79, Ulanhu, 80, and Hu Qiaomu, 74. If most of them refuse to retire in the next 1 or 2 years, the top CPC leadership will become very aged, the pace of the reforms and the implementation of the opening up policy will slow down, young talent will not be promptly promoted, and people would be less confident and optimistic about China's future.

If Deng Xiaoping takes the opportunity of the "13th CPC National Congress" to step down, he will be playing an exemplary role and those aged and weak senior statesmen would also retire one after another. Should this happen, the members of the Political Bureau and of its Standing Committee will really become younger in average age and they will be able to more successfully implement the opening up policy, carry out reforms, and direct the "four modernizations." In this way, China's long-standing problem of its aging leadership will be smoothly solved.

Deng Xiaoping Said: "It Would Be Better To Experience Troubles Now Than in the Future"

According to my friends, Deng Xiaoping once seriously pointed out that although he was in good health, as an aged man, he did not know when there would be troubles. The whole world is concerned about his whereabouts, his remarks, and his activities and people tend to base their confidence in China's future on his health. He said: Not long ago, newspapers and periodicals in Hong Kong spread rumors about his ill health with the result that the prices of stocks and shares went down significantly on the market. This is very unusual. It seems that his influence is too great. In the event that he is seriously ill or passes away, there would be trouble. "It would be better to experience trouble now than in the future." Thus, he seriously indicated his intention to retire. This is something positive and extremely farsighted.

"In Fact, I Do Very Little Work, I Express My Opinions Only On Important Matters"

Deng Xiaoping has praised several young central leaders for their outstanding performance. In fact, "I do little work. I express my opinions only on important matters."

Reportedly, a certain "new star" in charge of the CPC Central Committee's Secretariat hopes very much that Deng Xiaoping will remain at the helm and continue to lead those newly-emerged gifted people and that there will not be major changes in the next Political Bureau. However, all evidence suggests that Deng Xiaoping has made up his mind and that the members of the leading body will become younger in average age in quite a short time. Not long ago, the foremost CPC authorities introduced a new political star named Wen Jiaboa [3306 1367 1405] to replace Wang Zhaoguo as director of the general office of the CPC Central Committee.

Although He Is Concerned About Reunification, He Is Not Reluctant To Give Up His Position.

Deng Xiaoping hopes to be alive in 1997 and to visit the Hong Kong Special Administrative Region in that year. He is also looking forward to the early reunification of China. Not long ago, Deng Xiaoping was glad that the Taiwan cargo plane incident was smoothly settled through the talks between the "CAAC" [Civil Aviation Administration of China] and "CA" [China Airlines] It is reported that he is still very concerned about the work concerning reunification.

If Deng Xiaoping resolutely steps down, perhaps the topmost CPC authorities would confer the title of an "honorary chairman" on him and would continue to seek his advice on important matters and people will forever remember him by the fact that he gave up the highest position in the country without the slightest reluctance.

Hu Yaobang, the 71-year-old CPC general secretary, is visiting Western Europe. Having paid successful visits to the United Kingdom and the Federal Republic of Germany, he is now visiting France and Italy. Citing comments made by Western diplomats, AFP said: The purpose of Hu Yaobang's visits is to pave the way for his succession of Deng Xiaoping. Now it is necessary for him to show that he had the qualities of a world leader. Another Western diplomat commented: The 13th CPC National Congress is still 16 months away. By then, Deng Xiaoping's successor will be appointed. Now it is time Hu Yaobang began putting on the hat of an international figure.

It seems that in the next few years, Hu Yaobang and Zhao Ziyang will be in charge of the CPC's highest-level personnal arrangements. Hu Yaobang may replace Deng Xiaoping and Yang Shangdkun on the Central Military Commission. By 1988, Zhao Ziyang will have served two terms as premier. According to conventions, he cannot serve a third term. Thus, he may become president. Hu Qili may very soon become a member of the Political Bureau Standing Committee and join Hu and Zhao at the core of CPC leadership. The 6th Plenary Session of the 12th CPC Central Committee" will be held at the end of this year. By then, a clearer picture of the personnel changes will emerge!

TA KUNG PAO REPORTS DENG XIAOPING, LI KA-SHING MEETING

HK210352 Hong Kong TA KUNG PAO in Chinese 21 Jun 86 p 1

[Special dispatch by correspndent Hou Tung-hai: "Deng Xiaoping Meets Li Ka-shing"]

[Text] Beijing, 20 Jun -- This morning, Deng Xiaoping, chairman of the CPC Central Committee's Advisory Commission, met Li Ka-shing, chairman of the Board of Directors and concurrently general manager of Cheung Kong (Holdings) Ltd, in the Great Hall of the People in Beijing.

During the meeting, Deng Xiaoping praised Li Ka-shing, who donated money to set up Shantou University, for his patriotic spirit. He said to Li Ka-shing: The help you have rendered to the state is practical. I thank you for your contributions to the state.

Li Ka-shing said: What I am most concerned about is the work of Shantou University. The key to whether or not China's four modernizations program can be achieved successfully in the future lies with the issue of qualified personnel. He indicated that while he is still alive, he will devote great energy and efforts to supporting the country's educational and public health undertakings. He hoped Chairman Deng Xiaoping would support Shantou University so that it would be run in a more liberal way.

Deng Xiaoping said: I agree with what you have said, and so does Comrade He Dongchang. The university can be run in a more liberal way and foreign professors can be invited to teach there.

Deng Xiaoping went on to say: Since we have decided to set up Shantou University, it should be made a success. The State Education Commission is encouraged to transfer a number of good teachers from other parts of the country to the university so as to ensure that it can turn out top quality students from the very outset. He said: The quality of a university hinges on the quality of its teachers. A low quality teacher will not be able to teach and turn out good students.

Deng Xiaoping also said to He Dongchang, deputy director of the State Education Commission, who was also present at the meeting: The State Education Commission should give all-out support to the work of Shantou University. He repeatedly stressed the importance of the quality of teachers. He added that appropriate treatment should be given to the teachers of Shantou University and the treatment should not be too poor. This will help attract some high quality teachers.

Li Ka-shing indicated that he had high hopes for the future of Shantou University and is more confident because of the current support of Deng Xiaoping and the State Education Commission.

The State Education Commission promptly made a four-point decision on solving the problem of a dearth of high quality teachers at the university. First, the commission will appoint Professor Yang Yingqun, former president of the Industrial University of Jiangxi, as president of Shantou University. (Yang, 55, graduated in 1959 from Kharkov Polytechnic College in the Soviet Union. During his study there, he was awarded a doctorate.) Second, the commission will choose a group of backbone teachers for Shantou University at the dean level from key universities throughout the country. Third, a number of postgraduates will be trained through the help of returned students now working in various famous institutions of higher learning. They will replenish the ranks of teachers at Shantou University in the future. Fourth, guest professors will be invited from China and abroad to teach at the university of 1 or 2 years. The State Education Commission will send its personnel to Shantou to specifically implement the decision in mid-July.

Li Hou, deputy director of the Hong Kong-Macao Affairs Office of the State Council, and Lu Ping, secretary general of the office, were also present at today's meeting.

Li Ka-shing arrived in Beijing from Hong Kong yesterday. This afternoon, Zhao Ziyang, premier of the State Council, and Ji Pengfei, Director of the Hong Kong-Macao office, also received him separately. In the evening, Li Hou gave a banquet in honor of Li Ka-shing. On the morning of 21 June, Li Ka-shing will leave Beijing for Hong Kong.

DENG WARNS ON USE OF FORCE TO RESOLVE TAIWAN ISSUE

HK220145 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 22 Jun 86 pp 1, 2

[By Max Soliven]

[Excerpts] Chinese leader Deng Xiaoping has repeated his pledge that Hong Kong will remain capitalist for 50 years after 1997. And he has delivered a veiled threat that Beijing might eventually use force to settle the Taiwan question.

Mr Deng expressed disappointment that Taiwan's leaders had not responded to his offer of a "Hong Kong formula" to bring about a reunification with China. "Problems can be postponed but they cannot be ignored forever," Mr Deng said a few days ago to a visiting Philippine delegation. "When patience runs out and peaceful compromise is refused, there is no other way but force."

I was present as a member of the Foreign Policy Council of the Philippines when Mr Deng met with the Philippines vice-president and foreign affairs minister, Mr Salvador Laurel, in the Great Hall of the People in Beijing. The Chinese leader said the return of Taiwain "to the homeland" should be achieved by peaceful negotiation rather than war.

"We have guaranteed them the Hong Kong formula of 50 years continued capitalism when they rejoin us. What more do they want?"

Mr Deng said rather than order the Red Army to march into Hong Kong he had convinced Britain's prime minister, Mrs Margaret Thatcher, to agree to the 1997 transition formula. "We are subscribing to the policy of one country-two systems," he said., "The Kuomintang has turned a deaf ear to Beijing's proposals and are, instead, trying to prevent word of this peaceful proposal getting to their people." Mr Deng shook his head sadly as he spoke of the reaction of the Taiwan leadership.

But for the rest of the 75-minute interview with Mr Laurel and his party he was jovial and vigorous. The discussions ranged widely over international affairs with Mr Deng stressing there were many pressing problems for which solutions must be found. He expressed concern about problems that continue to keep countries divided, citing East and West Germany, North and South Korea and the China-Taiwan situation.

ARTICLE EXPLORES DELAY IN NAMING PRC CULTURE MINISTER

HK210440 Hong Kong SOUTH CHINA MORNING POST in English 21 Jun 86 p 10

[By Terry Cheng]

[Text] The formal confirmation of writer Wang Meng as China's culture minister has yet to be announced, indicating discord in the hierarchy about his nomination. Although the 51-year-old rehabilitated rightist writer is doing the job of minister, his new position has not been proclaimed officially. Mr Zhu Muzhi, who is said to have been replaced by Mr Wang, is still using the title of culture minister at official functions.

A Culture Ministry spokesman was earlier quoted as saying that Mr Wang had been named as the new minister and his nomination was expected to be announced in the Fourth Session of the Sixth National People's Congress in April.

Despite rubberstamping some government appointments, the session did not include the approval of Mr Wang's nomination on its agenda. However, his elevation is expected to be confirmed later this month as a meeting of the NPC Standing Committee is now under way. Approval of ministers has to be made in the annual sessions of the NPC or meetings of the Standing Committee of the NPC.

Despite the absence of formal approval, Mr Wang has been considered as the de facto new minister, and his associates say he has already started work in the post.

Mr Liu Xinwu, who is the permanent deputy editor of the Chinese literature magazine of which Mr Wang is officially still the chief editor, confirmed that Mr Wang had started work in the Culture Ministry. In a recent interview with a local China-watching magazine, Mr Liu said Mr Wang was busy at work in the Culture Ministry.

However, as recently as June 3 the official NEW CHINA NEWS AGENCY referred to Mr Zhu in a meeting with university graduates as the culture minister.

He also used the title of culture minister in the reception this week for Philippine Vice-President Salvador Laurel.

China's other new agency, CHINA NEWS SERVICE, earlier this week described Mr Wang as vice chairman of the National Writers' Association. Mr Wang was quoted as having told writers in Helongjiang Province that the literary circle was currently livelier than at any time in the past, but there were still many disagreements and there was a long way to go before reaching the goal of geniuinely free and equal discussions.

Some observers believe that there may be a split over Mr Wang's nomination within the hierarchy, which may have delayed the NPC's endorsement. They suggest that reformists wanted to promote him, but the move was opposed by more conservative forces. But their differences may be settled in the current NPC Standing Committee. The culture minister's task is a very sensitive one in China, where art and literature are closely linked to politics. The minister must tread a fine line between satisfying the artists' desire for a relaxed and uninhibited environment and Communist Party demands that their work serve the proper objectives of publicising state policies.

Mr Wang had earlier said he would not accept being nominated as culture minister. However, later he was said to have been "persuaded" to accept the job. Mr Wang is well-known in cultural circles at home and abroad, particularly for his novel "The Newcomer in The Organisation Department," published in 1956 which was critical of Communist China's bureaucracy.

HONG KONG XINHUA PASSES DAYA BAY OBJECTIONS TO BEIJING

HK220147 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 22 Jun 86 p 10

[Excerpts] China's top representative in Hong Kong, Mr Xi Jiatun, has told Beijing of the objections being raised here to the Daya Bay nuclear power plant. Mr Xu, the local head of the NEW CHINA NEWS AGENCY, said yesterday he had passed on the objections to government departments in Beijing which have an interest in the matter. "I personally think local objections are understandable and I believe the State Council will understand them," Mr. Xu said. But he refused to give his own views on the subject.

Meanwhile, a top Chinese nuclear official has reiterated that Beijing will proceed with its nuclear plant construction programme and will endeavour to ensure it is accident-free. The minister for nuclear industry, Mr Jiang Xinxiong, was addressing the current session of the Standing Committee of the National People's Congress. According to CHINA NEWS SERVICE, he said China's nuclear plants would use pressurised water reactors. Mr Jiang's remarks came amid increasing concern in Hong Kong over safety aspects of the Daya Bay plant following the Chernobyl disaster in Russia. Waves of protest in Hong Kong have not gone unnoticed in Beijing, which has mounted a strong defensive campaign.

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PRC ATTENDS WORLD FOOD COUNCIL MEETING IN ROME

OW201159 Beijing XINHUA in English 0954 GMT 20 Jun 86

[Text] Rome, June 19 (XINHUA) -- The World Food Council (WFC) ended its four-day annual ministerial conference today with a call for support to the development of African agriculture. The conference noted that the grain war among the major grain producers following a year's glut of food on the world market could undermine the development of farm production in Africa, a continent emerging from deadly drought.

The conference, attended by 140 delegates from 36 WFC member countries and 50 other countries as well as 130 representatives from international organizations, called on all countries to take concrete measures to implement the special U.N. resolution on recovery of African agriculture. Delegates stressed the need to strengthen South-South cooperation in order to achieve the resolution's goals. China sent a delegate to the WFC conference.

INTERNATIONAL SEMINAR HAILS PRC DESERT CONTROL

OW201425 Beijing XINHUA in English 1229 GMT 20 Jun 86

[Text] Fuzhou, June 20 (XINHUA) -- China has done a good job controlling its deserts, experts from eight countries and the United Nations have concluded following a seminar here on desert control in Asia and the Pacific regions. Experts and officials from Afghanistan, Bangladesh, China, India, Iran, Malaysia, Nepal, Sri Lanka and Thailand as well as the U.N. Economic and Social Commission for Asia and the Pacific inspected a number of desert control projects in northwest China as part of the 15-day seminar, which concluded Thursday.

In remarks released today, seminar participants applauded the coordinated efforts of local governments, scientists and the people at large in China to control deserts, and they applauded the government's decision to prevent soil loss in the 1986-90 period. U.N. officials promised to cooperate with China in the study and control of deserts and in training people to work on the problem.

ZHAO ZIYANG MEETS WORLD BANK REPRESENTATIVE

OW211453 Beijing XINHUA in English 1429 GMT 21 Jun 86

[Text] Beijing, June 21 (XINHUA) -- Premier Zhao Ziyang met Mr. Edwin R. Lim, chief of resident mission of the World Bank in Beijing, here today. They had a cordial conversation and dined together.

WORLD CONFERENCE CALLS FOR SANCTIONS ON S. AFRICA

OW211857 Beijing XINHUA in English 1843 GMT 21 Jun 86

[Text] Paris, June 20 (XINHUA) -- A world conference on sanctions against South Africa ended here today with a call on the international community to invoke sweeping, mandatory sanctions against the Pretoria regime. The call was contained in a statement adopted by delegates from 122 countries. The statement said that the called-for sanctions are aimed at halting South Africa's apartheid and its policy of cruel oppression, its occupation of Namibia and its aggressions against independent countries in Africa.

Comprehensive sanctions should be adopted with an aim to isolate the apartheid regime and give all kinds of aid to freedom and peace fighters in southern Africa, it said.

The conference asked the U.N. Security council to adopt mandatory sanctions against South Africa, particularly in the military, nuclear, oil and financial areas, and ensure that all states carry them out, particularly major Western powers which are South Africa's major trading partners. The United States, Britain and Federal Germany did not take part in the five-day meeting.

The conference criticized U.S. President Ronald Reagan's policy of "constructive engagement" toward South Africa, saying it had not contributed to abolishing apartheid but instead strengthened the Pretoria regime. The statement criticized some big powers in the West and their transnational companies for pursuing "active collaboration" with South Africa, which has subsequently enabled the racist regime to reinforce its military and repressive apparatus.

The conference urged the Pretoria regime to release immediately and unconditionally Nelson Mandela and other black South African leaders. The conference invited all governments, organizations and mass media to give active and urgent backing to the statement it has adopted. It also warned against any attempt to turn southern Africa into an arena for East-West conflicts.

The United Nations, the Organization of African Unity, the Non-aligned movement, national liberation movements and other international organizations attended as observers.

XINHUA CRITICIZES U.S., UK STAND ON SOUTH AFRICA

OW201155 Beijing XINHUA in English 0945 GMT 20 Jun 86

["'Refusal To Punish South Africa Betrays Western Countries' Selfishness' by Zhang Jinglie" -- XINHUA headline]

[Text] Harare, June 19 (XINHUA) -- In the wake of mounting demands for economic sanctions against the apartheid regime in South Africa, some Western countries have strangely argued that such sanctions would hurt the country's underprivileged blacks and neighboring states more than the white government.

It is indeed ture that blacks in South Africa and the neighbouring states with close ties to the South African economy might bear the brunt of the impact of the sanctions. But, these frontline states, as Zimbabwe Prime Minister Robert Mugabe said last week at a mass rally in Harare, are ready for any aciton by the international community to bring apartheid to an end. "If sanctions mean suffering, then we say we prefer them because these sanctions will shorten our suffering," he said.

"What greater harm can be done to the people of South Africa than the death they are enduring every day?" he demanded. The Organization of African Unity, in a document to the ongoing Paris world conference expressing support for sanctions, said the cost of the sanctions to the nine member states of the Southern African Development coordination Conference will be worthwhile if they accelerate the end of apartheid.

According to reports from South Africa, the blacks are already boycotting white businesses despite their own difficulties.

The Reagan administration and the Thatcher cabinet justify their opposition to sanctions by saying "they believe" the sanctions "would not work effectively and would be counter-productive." But, ironically, the two powers are notorious for imposing sanctions against their "enemy states." It is no secret that Britain imposed economic and trade sanctions and an arms embargo against Argentina during the Malvinas war in 1982. The United States has also imposed sanctions against Iran, Nicaragua, Libya and some other countries it has problems with. People can legitmately ask if sanctions really do not work, why are they using them so "generously" against their own adversaries?

Many African leaders believe geopolitical and economic considerations are behind these Western powers' refusal to apply sanctions against the apartheid regime in South Africa. They believe the black control of South Africa means the strategically important region will fall into the Soviet sphere of influence and the West could lose its supply of vital strategic minerals and the cape sea routes through which the oil supply line from the Persian Gulf passes.

According to statistics compiled by Western researchers, in 1985, South Africa owed 24 billion U.S. dollars to nearly 230 Western banks, 80 percent of the debt to Britain, the United States, West Germany and Switzerland.

Sanctions against South Africa are, to them, a boomerang, which will return to hurt them. To safeguard their own interest, they would rather watch the Pretoria regime commit the most inhuman crimes of our times. This is the logic of the Western countries opposing sanctions.

UN GENERAL ASSEMBLY ADOPTS DECISIONS, ADJOURNS

OW210104 Beijing XINHUA in English 2355 GMT 20 Jun 86

[Text] United Nations, June 20 (XINHUA) -- The General Assembly of the United Nations today resumed its 40th session and later suspended it again after making several decisions. The decisions adopted at the resumed session included postponing an international conference on the relationship between disarmament and development till next year and leaving to its 41st session to decide on the inscription of an item entitled "external debt crisis and development" on its agenda.

According to a decision of the General Assembly last year, the international conference on the relationship between disarmament and development was scheduled to be convened next month in Paris. Last month, France, the host country, asked for the postponement, saying more time was needed to reach consensus on the objectives of the conference, in order to ensure a successful outcome. The preparatory committee for the conference agreed to France's proposal and asked the General Assembly to make a decision on it. The General Assembly today decided to fix specific dates and the venue for the conference at its 41st session beginning in September.

The suggestion of adding the item of "external debt crisis and development" to the agenda of the 41st session beginning in September was originally made by the group of 77.

The 40th session of the General Assembly was first resumed from April 28 to May 9 to consider the financial crisis of the world organization.

U.S. INSTITUTE LAUDS PRC RURAL ELECTRIFICATION

OW220732 Beijing XINHUA in English 0649 GMT 22 Jun 86

[Text] Washington, June 21 (XINHUA) -- By electrifying one-third of its 2,200 rural counties with small hydropower plants, China has implemented the most massive rural electrification program in histoy, the U.S.-based Worldwatch Institute said today. A study released by the institute said China has effectively demonstrated ways to build power systems from the botton up since most of its small hydro projects, planned and built locally with limited government assistance, have gradually been connected to regional power grids.

The electric-generating capacity of the Third World in the mid-1980's, the study said, stood at about 450,000 megawatts, just two thirds of that of the United States alone, which generated 688,000 megawatts in 1985. Per capita electric consumption in the Third World is 120 watts, compared with 2,900 watts in the United States.

Electric consumption in most developing countries, however, is growing at a rapid pace of between 5 and 15 percent annually, the study said. Third World budgets for electrification have grown rapidly since the late 1950's and now approach 50 billion U.S. dollars each year -- about one-quarter of total public capital investments. But less than 10 percent of the Third World's electrical investments go to rural areas, and in many countries the ratio is lower than 5 percent, it said.

The study pointed out that local initiative and involvement are essential to successful rural electrification. Rural areas, towns, and industries can benefit from small-scale power sources, which often can be built at lower cost and more quickly than conventional plants, it observed. Small hydropower, biomass, wind power, and solar power have the potential to supply power to villages without hooking up to a power grid or relying on expensive imported fuels, the study added.

DUBRININ BRINGS REAGAN LETTER FROM GORBACHEV

OW240154 Beijing XINHUA in English 0143 GMT 24 Jun 86

[Text] Washington, June 23 (XINHUA) -- the White House announced today that President Reagan received a personal letter from Soviet leader Mikhail Gorbachev, but did not disclose any details. The letter was conveyed to Reagan by the new Soviet Ambassador to the United States Yuriy Dubinin, when he presented his credentials at a White House ceremony. The ambassador has just returned from consultations in Moscow.

A White House statement said that the ceremony lasted for 40 minutes during which time President Reagan and Ambassador Dubinin discussed "a range of issues that affect the United States and the Soviet Union." "The meeting was cordial and businesslike," the statement added.

The United States is expecting a Soviet response to Reagan's recent effort to formally begin summit preparations and to obtain a date for a second summit meeting with Gorbachev. However, a White House official said that there was no mention in Gorbachev's letter of a possible date for the summit.

USSR WARNS U.S. AGAINST SCRAPPING SALT II

OW211128 Beijing XINHUA in English 0542 GMT 21 Jun 86

["Senior Soviet Officials: Washington Endangers Disarmament Talks" -- XINHUA headline]

[Text] Moscow, June 20 (XINHUA) -- Senior Soviet Communist Party, military and foreign affairs officials today accused Washington of taking a "dangerous step" in scrapping the SALT II Treaty and asked the U.S. Administration to bear responsibility for the consequences. "An extremely alarming situation is now taking shape in arms limitation and reduction in general...it is therefore exceptionally important the U.S. Government weigh anew all responsibility it is incurring by taking the decision leading to the ruin of the SALT process," said Anatoliy Dobrynin, a top foreign policy expert to the Soviet leadership.

Speaking at a joint session of the foreign affairs commissions of two parliamentarian chambers, Dobrynin said the Strategic Arms Limitation Treaty (SALT) agreements are not to the liking of the more "hawkish" forces in Washington, because they are based on the principle of equality and equal security, and formalize strategic parity and constitute an obstacle to large-scale U.S. military build-up programs, according to the Soviet news agency TASS. Dobrynin, former ambassador to the United States and newly appointed chairman of the foreign commission of the Soviet of nationalities, was referring to U.S. President Ronald Reagan's decision to stop observing the 1979 Soviet-U.S. SALT II accord because of alleged Soviet violations.

Chairing the meeting, Yegor Ligachev, a party Politburo member, said the Soviet Union "has been consistently standing for the strict observance" of arms control agreements and dismissed allegations that the Soviet Union has violated these accords, TASS said. Ligachev accused Washington of attempting to drag the Soviet Union into a new arms race, so as to "exhaust us economically, detract from our influence on the cause of peace and social progress and regain their lost positions."

Saying the United States is subverting the very process of disarmament, the senior party leader warned if Washington continues to do so, the 1972 anti-ballistic missile treaty could become the next victim of "American militarism." "If this happens, strategic stability in the world would be further impaired and the risk of the outbreak of nuclear war would grow by many times," Ligachev said.

At the meeting, Sergey Akhromeyev, chief of the general staff of the Soviet Armed Forces, denounced Washington as a violator of arms control agreements. He said the U.S. Administration has presented the 'gravest danger' by its "star wars" project, officially known as the Strategic Defense initiative, which aims to build an anti-missile shield in outer space.

Participants appealed to the U.S. Congress to make the Reagan administration abandon its decision on the SALT II Treaty. They are sending a copy of the resolution adopted at the meeting to both the U.S. Government and Congress.

TASS VIEWS REAGAN'S 'LIP SERVICE' TO DISARMAMENT

OW220046 Beijing XINHUA in English 0027 GMT 22 Jun 86

[Text] Moscow, June 21 (XINHUA) -- The Soviet Union today accused U.S. President Ronald Reagan of paying "lip service" to disarmament and said his latest speech on arms control was intended to justify his decision to scrap the SALT-II Treaty.

In the first Soviet reaction to Reagan's speech delivered at a high school in Glassboro, New Jersey, on June 19, the official news agency TASS said the President's remarks were "full of anti-Soviet cliches". The speech was an attempt to dilute the impact of "the concern and protest in the United States, Western Europe and the world as whole" over the U.S. decision to stop observing the U.S.-Soviet 1979 SALT II Treaty, TASS commented.

However, in his Thursday's address, Reagan, for the first time in his five years in office, said the Soviet Union has begun "to make a serious effort" in arms control. Reagan said that though he cannot accept recent Soviet disarmament proposals without change, it appears that Moscow has begun to make "a serious effort," which could represent "a turning point" in arms control. Reagan was referring to a recent Soviet proposal which called for a reduction in the two superpowers' strategic nuclear weapons as well as for Washington to limit its "star wars" project to laboratory testing and both sides to abide by the 1972 Anti-Ballistic Missile (ABM) Treaty for another 15 years.

Accusing Reagan of only paying "lip service" to arms reduction, TASS said the U.S. Administration continues "taking steps leading to a heightening of international tension and the threat of war." TASS also denounced the U.S. allegation that Moscow has violated the 1979 Strategic Arms Limitation Treaty (SALT II).

As the United States is engaged in a massive rearmament program, it needs "a propaganda coverup," TASS said. "Washington intends to continue following a dangerous course aimed at breaking the existing regime of limitation of armaments and at attaining military superiority," it concluded.

SUPREME SOVIET MAKES MORE LEADERSHIP CHANGES

OW200835 Beijing XINHUA in English 0005 GMT 20 Jun 86

[Text] Moscow, June 19 (XINHUA) -- The Supreme Soviet today made more leadership changes naming both Gennadiy Vedernikov and Vladimir Gusev vice chairmen of the Council of Ministers while removing Yakov Ryabov as one of the council's deputy chiefs. According to the Soviet news agency TASS, the changes were made at the fifth session of the 11th Supreme Soviet.

TASS did not mention Ryabov's new job. The 58-year-old former vice chairman has been deputy chairman since September 1984. Ryabov was a first vice chairman of the country's Gosplan from 1979 to 1983 and a member of the Soviet Communist Party Central Committee Secretariat from 1976 to 1979. Gusev was party chief of the Saratov region for nine years before becoming the first vice chairman of the Council of Ministers in the Republic of Russia in 1985.

Today's move is one in a series of leadership changes within the Soviet state and government organs since the 27th Communist Party Congress last February. Earlier today, the Supreme Soviet elected Soviet Culture Minister Petr Demichev as first vice president of its Presidium, replacing 85-year-old Vasiliy Kuznetsov, who has retired for health reasons.

Meanwhile, Anatoliy Dobrynin, secretary of the Party's Central Committee, succeeded Boris Ponomarev as chairman of the Foreign Commission of the Soviet of Nationalities, while Viktor Grishin and Lev Zaykov were replaced by Yeltsin, Moscow party chief, and Yuriy Solovyev, Leningrad party chief, as members of the Presidium of the Supreme Soviet.

SUPREME SOVIET ADOPTS NEW ECONOMIC PLAN

OW191844 Beijing XINHUA in English 1805 GMT 19 Jun 86

[Excerpt] Moscow, June 19 (XINHUA) -- The Supreme Soviet ended its two-day session today by adopting a new five-year plan. The Economic and Social Development Plan for 1986-1990 will ensure "enhancing the effectiveness" of the country's economic performance and "a further rise in people's living standards," the official news agency TASS said.

The Soviet Union plans to double its national income and industrial production by the end of the century. "The current five-year plan period is to play a special role in the realization of the strategy," TASS said. The planned goals of the Soviet 12th Five-Year Plan include a 19 to 22 percent increase in national income, a 21 to 24 percent growth in industrial production and a 20 to 23 percent rise in labor productivity.

GORBACHEV CRITICIZES SKEPTICS OF ECONOMIC REFORMS

OW170748 Beijing XINHUA in English 0647 GMT 17 Jun 86

[Text] Moscow, June 16 (XINHUA) -- Soviet leader Mikhail Gorbachev today warned that Soviet economic reforms are being impeded by "inertia, stereotypes and ossification." Gorbachev told a plenum of the Soviet Communist Party that the national economy has been gathering steam. But, he complained, skepticism among some people about the reforms is slowing progress.

In a report to the plenum on the 1986-1990 Five-Year Plan, the Soviet leader "vigorously criticized those who continue to work in the old way, who clutch onto the least efficient methods, TASS news agency reported. Gorbachev said the party must maintain its fight against "irresponsibility, bureaucracy and other negative phenomena" which stand in the way of reforms.

He said in the 1970s and early 1980s, the Soviet economy lost much of its dynamism, largely because of the failure to intensify development and introduce up-to-date technologies. The past mistakes should not be repeated, he stressed. Gorbachev said implementation of the current five-year economic blueprint is decisive for the party's economic strategy and success of the plan lies partly in continued improvement of economic management. He urged enterprises to introduce the latest technologies and raise the quality of products, and promised measures to ensure greater autonomy to them.

Gorbachev expressed optimism over the latest economic indicators, saying that industrial output registered a 5.7 percent growth in the first five months of this year compared with the same period in 1985.

The plenary session of the Central Committee, installed at the party congress in march, approved the party's draft five-year plan for 1986-1990 and recommended that it be submitted for consideration to the Supreme Soviet, the Soviet Parliament, which is scheduled to meet Wednesday, TASS said.

The one-day plenum also discussed personnel matters, an indication that some leadership changes are on the cards. The committee also approved a resolution on the outcome of the Warsaw Pact summit held in Budapest, Hungary, on Tuesday and Wednesday, which tabled a major East-West troop reduction proposal.

DPRK DECLARES TOTAL BAN ON NUCLEAR WEAPONS

OW230940 Beijing XINHUA in English 0801 GMT 23 Jun 86

[Text] Pyongyang, June 23 (XINHUA) -- The government of the Democratic People's Republic of Korea (DPRK) today announced a complete prohibition of nuclear weapons within its boundaries. In a statement read at a press conference here, the DPRK Government declared that it will refrain from testing and production, stockpiling and introduction of nuclear weapons and will allow neither the establishment of any foreign military bases including nuclear bases, nor the passage of foreign nuclear weapons through its land, air space and territorial waters.

The statement demanded that the United States stop introducing new nuclear arms into South Korea, phase out the already-introduced ones, and rescind all operational plans to use nuclear arms in the peninsula.

Noting that the danger of a nuclear war in Korea is threatening peace and security in Asia and in the world at large, the statement again called for turning the peninsula into a peace zone free of nuclear arms and bases -- a proposal the DPRK Government has repeatedly put forward recently. In this respect, the statement said, the DPRK Government is willing to negotiate with the United States and the South Korean authorities at any time and irrespective of its formality, should they consider it necessary.

The statement said that the Korean people love peace and under any circumstances they do not want to see a new world war or a nuclear war because of the Korean problem. The statement also called for international support for the Korean people's efforts to turn the peninsula into a nuclear-free peace zone.

PYONGYANG TO HOST WORLD NUCLEAR-FREE CONFERENCE

OW211454 Beijing XINHUA in English 1432 GMT 21 Jun 86

[Text] Paris, June 20 (XINHUA) -- An international peace conference on a nuclear-free Korean peninsula will be held in Pyongyang on September 6-8, a high-ranking official of an international organization in support of Korea's peaceful unification announced here today. Guy Dupre, secretary-general of the International Liaison Committee for the Independent and Peaceful Reunification of Korea, told a press conference that the establishment of a nuclear-free zone on the peninsula is a decisive step towards detente, which will create an atmosphere favorable to the peaceful unification of Korea. "We are convinced that it will contribute greatly to world peace and we are willing to help create conditions for the realization of the goal," he said.

DPRK COMMUNIQUE URGES NONALIGNED UNITY

OW211152 Beijing XINHUA in English 0639 GMT 21 Jun 86

[Text] Pyongyang, June 21 (XINHUA) -- Korea today asked all peace-loving peoples, particularly those of the non-aligned countries, to close ranks in the struggle for the right of self-determination and against imperialism. A communique adopted at a joint meeting of the Central Political Bureau of the Korean Workers' Party and the Central Committee of the Democratic People's Republic of Korea held yesterday, appealed to non-aligned nations to make positive efforts to halt the arms race and to destroy all nuclear weapons.

Non-aligned countries should also demand foreign military pullout from their territories and reject foreign requests for military bases in their lands, the communique said. The communique asked non-aligned countries to promote South-South cooperation and economic self-reliance. In addition, the communique also called for political negotiations instead of military confrontation to settle disputes among non-aligned nations.

YANG DEZHI FETES N. KOREAN NAVY DELEGATION

OW191655 Beijing XINHUA in English 1426 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) -- Yang Dezhi, chief of General Staff of the Chinese People's Liberation Army, gave a dinner here today in honor of a delegation led by Admiral Kim Il-chol, commander of the Navy of the People's Army of Korea. Present were Chinese Navy Commander Liu Huaqing and Sin In-ha, Korean Ambassador to China.

RENMIN RIBAO ON JAPANESE TEXTBOOK ISSUE

OW231138 Beijing in Japanese to Japan 2130 GMT 22 Jun 86

[Text] The 22 June issue of RENMIN RIBAO carries in its international section a fairly long news analysis entitled "What Is the Japanese Textbook Issue?" In discussing the issue concerning a high school textbook prepared by the National Council for the Defense of Japan, the analysis points out the fact that the Japanese Government issued a statement in 1982, stating that in screening texxtbooks, it would respect the spirit of the China-Japan joint statement. Moreover, the analysis criticizes the textbook prepared by the council for attempting to deny historical facts about the aggressive war in many respects as well as to mislead education in history, and it also notes that the textbook has been strongly denounced by various circles in Japan.

In conclusion, the analysis points out that in dealing with the denunciation both at home and abroad, the Japanese authorities concerned have explained that the textbook is still in the process of screening and it has not obtained the final stamp of approval. Reportedly, the Japanese authorities concerned have recently stated that the final version of the rewritten textbook will comply with the statement issued by the chief cabinet secretary in 1982. The analysis then states that, at any rate, we hope the textbook will deal with history fairly and objectively, draw a useful lesson from history, and be useful in promoting everlasting friendship between Japan and its Asian neighbors and in bringing about well-being for future Japanese generations.

JAPAN TO SUPPORT CGDK EIGHT-POINT PROPOSAL

OW201237 Beijing XINHUA in English 1149 GMT 20 Jun 86

[Excerpt] Tokyo, June 20 (XINHUA) -- Japan is set to throw its weight behind an eight-point proposal put forward by the Coalition Government of Democratic Kampuchea (CGDK), according to local press reports today. Government officials were quoted as saying that at the forthcoming enlarged meeting of the foreign ministers of the Association of Southeast Asian Nations in Manila, Foreign Minister Shintaro Abe will express the Japanese Government's support for the eight-pointd proposal to settle the Kampuchean issue. In addition, the foreign minister will call for Vietnamese pullout from Kampuchea and reiterate Japan's support for the CGDK.

ASEAN FOREIGN MINISTERS MEET IN MANILA 23 JUNE

Urges SRV To Acccept CGDK Proposal

OW231608 Beijing XINHUA in English 1451 GMT 23 Jun 86

[Text] Manila, June 23 (XINHUA) -- Foreign ministers of the Association of Southeast Asian Nations (ASEAN) today strongly urged Vietnam to accept an eight-point proposal offered by the Coalition Government of Democratic Kampuchea.

The ministers emphasized that the Kampuchean issue continued to be the principal barrier to regional peace, and that Vietnam must withdraw all its troops from Kampuchea.

Addressing the opening session of the 19th ASEAN foreign ministers' meeting here this morning, all leaders of the delegations from the six ASEAN member countries of Brunei, Indonesia, Malaysia, Singapore, the Philippines and Thailand, as well as those from Papua New Guinea, dwelt on the main political topic for discussion -- the Kampuchean problem.

The eight-point proposal of the U.N.-recognized tripartite Coalition Government of Democratic Kampuchea (CGDK), made public in March of this year, called for the phased withdrawal of the Vietnam troops from Kampuchea and the setting up of a four-party coalition government composed of the three resistance factions and the Heng Samrin regime.

Singapore Foreign Minister S. Dhanabalan addressed the meeting that the CGDK has taken a diplomatic initiative with its eight-point proposal, which has enough important elements to form part of the framework for a political settlement.

Salvador Laurel, Philippine vice-president and foreign minister pointed out that the situation in Kampuchea continued to be the most urgent problem. He said "our collective efforts in rallying more countries in support of the United Nations resolution on Kampuchea have continued to pay off." He called for more persevering efforts to enlist more support for ASEAN's resolution on Kampuchea. He emphasized, "insistent international condemnation of armed Vietnamese intervention in Kampuchea can only serve to hasten the resolution of the conflict and restore peace and stability in our part of the world."

Malaysian Foreign Minister Tengku Ahmad Rithauddeen said that despite ASEAN's reasonableness and seriousness in the efforts to find a political solution, the Kampuchean problem remains the preoccupation of the region. "ASEAN is earnest in its efforts to find a political solution to the Kampuchean problem and has taken several initiatives. Asean supports CGDK's eight points proposal as it reaffirms ASEAN resolve that the Kampuchean people must solve the Kampuchean problem. We are firmly convinced of its validity as a positive and contructive framework for a political settlement," he pointed out. However, he said that no substantial progress has been achieved because of Vietnamese inseriousness to resole the Kampuchean problem through a political solution.

Reviewing the development of the situation in Kampuchea, Thailand Deputy Foreign Minister Alun Panupong summed up briefly: Vietnam's military occupation of Kampuchea remained a constant threat to the regional peace and security that ASEAN had striven to preserve.

He said the eight-point proposal "is comprehensive, flexible and reasonable." He urged Vietnam to reconsider its rejection of this proposal. He emphasized that the resistance fighters in Kampuchea have never been more determined to wage a united struggle to secure freedom and independence. "The destiny of Kampuchea must ultimately be decided by the Kampuchean people themselves," he added.

Indonesian Foreign Minister Mokhtar Kusumaatmaja said that the Kampuchean problem continued to be "the principal source of tension and instability and a major obstacle to our larger objective of ensuring a future of peace, genuine independence and prosperity for Southeast Asia." He contined that the CGDK "has also shown its readiness to consider any viable approach that would lead to the withdrawal of foreign forces, achieve national reconciliation, establish a government of the people's own choice and assure Kampuchean's independence, non-aligned and neutral status in the region and beyond."

Prince Mohamed Bolkiah, Brunei foreign minister, said that the problem in Kampuchea remained unresolved. It continued to be the principal barrier to regional peace and stability. As ASEAN resolutely continued to exert its efforts to find a solution, so too, Vietnam continues to be intransigent. He said, "We should try to strive and gather our collective strength and ability to ensure the attainment of the larger objective -- to make Southeast Asia a region of peace, freedom, progress and prosperity."

Papua New Guinean Foreign Minister Leguvagi, who is attending the meeting as an observer, said the eight-point proposal "has merits and can serve as a basis for a settlement." "But the initiative can only succeed if Vietnamese troops withdraw," he stressed. He expressed his country's support for the active role played by ASEAN on the Kampuchean issue.

Condemn South Africa

OW231913 Beijing XINHUA in English 1900 GMT 23 Jun 86

[Text] Manila, June 23 (XINHUA) -- Foreign ministers from the Association of Southeast Asian Nations (ASEAN) today condemned the Pretoria regime in South Africa for its racist repressive policies and practices.

A declaration, issued this afternoon by the ASEAN foreign ministers, said that the escalating strife and tensions in South Africa pose a serious threat to regional and international peace and security.

The foreign ministers, who are here for the 19th ASEAN ministerial meeting, also reaffirmed their solidarity and support for the legitimate struggle of the South African people against apartheid. They specifically called for the immediate revocation of the state of emergency, an end to the repressive measures and the unconditional release of all political prisoners and detainees.

"In the face of Pretoria's intransigence, the foreign ministers were convinced of the compelling need to bring worldwide pressure to bear on South Africa through the application of comprehensive and mandatory sanctions in accordance with the Charter of the United Nations," the declaration said.

The foreign ministers also reiterated their condemnation of the act of defiance by the racist Pretoria regime in continuing its illegal occupation of Namibia. They said the act is in "complete disregard of the right of self-determination of the Namibian people and in United Nations regulations."

The foreign ministers reaffirmed their commitment to the U.N. efforts to bring about, as early as possible, genuine independence to the Namibian people in a united Namibia.

The ASEAN foreign ministers also called upon the international community to maintain relentless pressure on South African authorities and to extend greater support to the just struggle of the Namibian people under the leadership of the Southwest African People's Organization (SWAPO). They also believed that the forthcoming international conference for the immediate independence of Namibia in Vienna will be another significant step toward the realization of the Namibian independence "on the basis of Security Council Resolution 435 of 1978."

PRC DELEGATION ADDRESSES ESCAP MEETING IN BANGKOK

OW161423 Beijing XINHUA in English 1400 GMT 16 Jun 86

[Text] Bangkok, June 16 (XINHUA) -- The deterioration of external environment is the principal factor for the sharp decline in economic growth rate of the developing countries in the Asian and Pacific region since 1985. This was stated by Wang Pingqing, head of the Chinese delegation to the meeting of ministers of trade of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) region which opened here this morning.

The three-day meeting attended by trade ministers and representatives from 20 developing countries in the Asian and Pacific region has the task of assessing trade performance and prospects in the region and working out specific measures for facilitating intra-regional trade expansion.

Wang explained that the ever-intensifying protectionism of developed countries, the continued fall in prices of primary products, reduction in official development assistance and turbulence in international monetary practices and finance -- all these factors have led to sharp contraction of export markets for developing countries of the region. "Such a situation is not only deterimental to the regional economic and trade development, but also to the revitalization of the world economy," he said.

Trade cooperation, he stressed, constitutes a major component and an important form of economic and technological cooperation of the region. He believed that to strengthen the regional trade and economic cooperation is an essential means to maintain economic development in the region. "Self-reliance and international cooperation are the two essential elements for development," he added.

He concluded by saying that the relevant existing Research and Training Institute on International Trade in China is ready to provide certain host facilities for implementing regional projects on trade research and training.

HONG KONG BUSINESSMAN MEETS PRC OFFICIALS

Deng Xiaoping

OW201021 Beijing XINHUA in English 0957 GMT 20 Jun 86

[Text] Beijing, June 20 (XINHUA) -- Chinese leader Deng Xiaoping today praised Ka Sning Li, board chairman of the Cheung Kong (Holdings) Ltd. of Hong Kong, for his contributions to the motherland. Li has donated 240 million Hong Kong dollars to Shantou University in Guangdong Province, which was opened in 1981.

At a meeting here this morning, Li told Deng that education is of vital importance to raising the scientific and technological level of the motherland. Many Overseas Chinese and foreigners expressed willingness to contribute to Shantou University, he said. Deng promised to dispatch a number of competent teachers to the university to help to run it.

Zhao Ziyang

OW201439 Beijing XINHUA in English 1212 GMT 20 Jun 86

[Text] Beijing, June 20 (XINHUA) -- Premier Zhao Ziyang met here today Ka Shing Li, board chairman of the Cheung Kong (Holdings) Ltd. of Hong Kong. Li is also a member of the committee for drafting the basic law of the Honk Kong Special Administrative Region.

Earlier, Li had a session with State Councillor Ji Pengfei, who also heads the Hong Kong and Macao Affairs Office under the State Council.

PRC, SINGAPORE AGREE ON JOINT TOURISM CAMPAIGN

OW181020 Beijing XINHUA in English 1002 GMT 18 Jun 86

[Text] Singapore, June 18 (XINHUA) -- Tourist department of China and Singapore have agreed to mount a joint promotional campaign to sell both countries as a tourist package. This is the first step to boost tourism in both countries in the spirit of an accord signed in February this year.

A four-member team from the China International Travel Servce (CITS) has discussed with the Singapore Tourist Promotion Board (STPB) the possible ways or marketing the package tours. The Chinese team concluded its 10-day visit here today.

With the marketing of the joint tourist destinations, Singapore becomes the second gate-way to China, apart from Hong Kong, which has an advantage of proximity and cheap air fares. Singapore could attract tourist from the U.S., Australia, New Zealand and Western Europe to China. By jointly packaging the destination, new tourists may also be drawn to come through Singapore.

The CITS and the STPB have tentatively budgeted for a campaign of filmlets, posters and brochures to sell the joint destination idea to both tour operators and travellers. A meeting of a joint committee of cooperation in tourism, civil aviation and exhibitions of the two countries will convene in Beijing from June 24 to 28 to discuss further details about the package.

PAKISTAN'S FORMER FOREIGN MINISTER ON PRC

OW200052 Beijing XINHUA in English 0036 GMT 20 Jun 86

[Text] Islamabad, June 19 (XINHUA) -- Agha Shahi, former foreign minister of Pakistan, said here today that it should be a matter of deep satisfaction to the Pakistan people that China is committed to the support of Pakistan in safeguarding its sovereignty. He said this while speaking at a one-day seminar held in celebration of the 35th anniversary of the establishment of diplomatic relations between Pakistan and China.

He said the relationship between Pakistan and China was a basic feature of the foreign policies of both countries. He noted that the late Chinese Premier Zhou Enlai had said when visiting Pakistan in 1964 that the relations between the two countries were in the fundamental interests of the peoples of Pakistan and China and therefore could not be broken. He said successive authorities in both Pakistan and China had nurtured and nourished the Sino-Pakistan friendship and cooperation to their mutual benefit over the last 35 years.

Five academic reports written by Pakistan and Chinese scholars were read at the seminar, in which the scholars expounded various aspects of the Pak-China friendly relations. They maintained that the development of the relations between the two countries coincides with the interests of the two peoples and is beneficial to peace and stability in the region.

PAKISTANI LEADERS CRITICIZE SOLARZ PROPOSAL

OW172114 Beijing XINHUA in English 1810 GMT 17 Jun 86

[Text] Islamabad, June 17 (XINHUA) -- Members of the National Assembly (MNA) and leaders of politial parties here have described a recent statement by U.S. Congressman Stephen Solarz favoring mid-term elections in Pakistan as "blatant interference" in Pakistan's internal affairs. Expressing "profound concern" and "utmost astonishment" at Solarz' remarks in a recent BBC interview, several National Assembly members said the American congressman should bear in mind that the Pakistani people did not at all subscribe to his views.

The holding of general elections in the country, they said, is purely an internal matter. Solarz has no right to speak about Pakistan's internal affairs. National Assembly member Mohammad Siddiq Kanju described the statement as insulting and said the present elected government does not need any guidance or interference from abroad as it only respects the will of the Pakistani people.

Ghulam Mohammad Chishti, also an assembly member, severely condemned the statement and proposed that the matter be taken up at the diplomatic level by the government. Iqbal Haider, secretary general of Qaumi Mohaz-e Azadi (National Forum of Freeodom), who is a member of the opposition alliance "Movement for Restoration of Democracy" (MRD), also described Solarz' statement as "a crude interference in Pakistan's internal affairs." He said his party favors mid-term polls yet insists that the statement is "interference in our internal matters."

In the BBC interview June 14, Solarz said that "the political stability in Pakistan can best be achieved by further progress towards democracy through an agreement between the government and the opposition on a date for new elections on party basis." Solarz, during a recent visit to Pakistan, met with Pakistan President Mohammad Ziaul Haq and also with co-chairperson of the Pakistan People's Party Benazir Bhutto, daughter of the executed Prime Minister Zulfikar Ali Bhutto.

PAKISTANI PREMIER ON PEACEFUL NUCLEAR PROGRAM

OW0221755 Beijing XINHUA in English 1746 GMT 22 Jun 86

[Text] Islamabad, June 22 (XINHUA) -- Prime Minister Mohammad Khan Junejo said today that Pakistan's nuclear program was entirely peaceful in nature and was solely aimed at meeting the demands of socio-economic development. He said this while speaking at the inauguration of the 11th International Summer College on Physics and Contemporary Needs organized by the Pakistan Atomic Energy Commission.

The prime minister said Pakistan was seeking the technology of nuclear power generation. "We are desperately short of energy and our over-reliance on a single resource, hydro-electricity, creates problems with seasonal changes in water availability and rainfall," he said.

He said this adversely affected industry and agriculture, which can't depend on Pakistan's limited gas resources. And Pakistan doesn't want to import more oil. Instead, Junejo said, the country should diversify its energy sources. For this reason, nuclear power will play a vital role. Junejo said Pakistan believes in non-proliferation of nuclear weapons both at the international and regional level.

Because economic and social development is the country's first priority, and because such development requires peace, Pakistan is genuinely interested in the denuclearization of South Asia and has repeatedly proposed the creation of a nuclear weapon-free zone in this region, he said. Junejo remarked on the role of the Pakistan Atomic Energy Commission, saying it had helped Pakistan acquire advanced technology, produce better crops and it had introduced nuclear medicine and radio-therapy to the country.

TIAN JIYUN GIVES BANQUET FOR NEPALESE PRINCESS

OW191634 Beijing XINHUA in English 1504 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) -- Vice-Premier Tian Jiyun gave a banquet in honor of Nepalese Princess Sharada Shah, her husband, Khadga Bikram Shah, and their party here this evening. In his speech, Tian called the princess an old friend of the Chinese people, saying that the current visit by the princess and her party demonstrates the importance Nepalese King Birendra attaches to the development of Sino-Nepalese relations and will surely contribute to the understanding and friendship between the two peoples.

The Nepalese guests arrived here this morning after visiting the Tibet Autonomous Region and Sichuan Province. The princess said that she was deeply impressed by the achievements scored by China in recent years. She said that, following the exchange of visits by King Birendra and Chinese leaders, friendship between the two countries had developed continuously. The Nepalese guests visited Yonghegong (the Lamaist Temple of Harmony and Peace) in Beijing this afternoon.

Deng Yingchao Meets Princess

OW211448 Beijing XINHUA in English 1407 GMT 21 Jun 86

[Text] Beijing, June 21 (XINHUA) -- Cooperation between China and Nepal in economy, culture and trade made much headway in recent years and relations between their governments and peoples will become increasingly better in future.

This was stated by Deng Yingchao, chairman of the National Committee of the Chinese People's Political Consultative Conference during a meeting with Nepalese Princess Sharada Shah, her husband Khadga Bikram Shah and their party here today.

Deng said that China and Nepal enjoy good-neighborly relations and have no conflict of interests with each other. Both are engaged in developing their national economy and safeguarding world peace, she added. The Nepalese princess said the Nepal treasures the friendship between the two countries forged by the late Primier Zhou Enlai and her father.

Khadga said frequent contacts between leaders of the two countries demonstrated that their relations were strengthened in a regular way. Noting that Nepalese people are striving for the development of national economy, Khadga said Nepal stands for peace in Asia and the world as a whole and this is why King Birendra declared Napal a peace zone. He thanked China for supporting Nepal in this respect.

Deng noted that the two countries help and support each other. She stressed that all countries, big or small, should become friends on the basis of the five principles of peaceful coexistence.

Deng asked the princess to convey greetings and best regards from Chairman Deng Xiaoping, President Li Xiannian, Premier Zhao Ziyang and herself to King Birendra and the queen.

The Nepalese guests were honored at a banquet here this evening given by Lin Jiamei, who made acquaintance of the Princess in Nepal in 1984 when she accompanied her husband Li Xiannian on a visit to Nepal.

Officials Attend Return Banquet

OW221444 Beijing XINHUA in English 1404 GMT 22 Jun 86

[Text] Beijing, June 22 (XINHUA) -- Nepalese Ambassador to China Guna Shumshere Jung Bahadur Rana and his wife gave a banquet for the visiting Nepalese princess Sharada Shah and her husband Khadga Bikram Shah here this evening in the embassy. Chinese Vice-Premier Tian Jiyun, President of the Chinese Academy of Social Sciences Hu Sheng, Vice-Minister of Foreign Affairs Liu Shuqing and President of the Chinese People's Institute of Foreign Affairs Han Nianlong attended the banquet.

On behalf of the princess, Rana expressed thanks to the Chinese Government for its warm reception for the princess and her party. He described the visit by the princess and her husband as very important and the relations between the two countries as very friendly and happy. He said, exchange of visits between the two countries would help promote the mutual understanding and consolidate the friendly relations.

Liu Shuqing made a toast on behalf of Vice-Premier Tian. He said both China and Nepal are developing countries and also good friends of mutual trust. Both peoples hope to build up their own countries in a peaceful international environment, he said. He noted that all countries, small or big, have their own advantages and they should learn from each other, strengthen bilateral cooperation and achieve common development. The princess, her husband and their party will wind up their visit to China and leave Beijing for home tomorrow.

HU YAOBANG WINDS UP WEST EUROPEAN TRIP

Visits Fiat; Attends Luncheon

OW231808 Beijing XINHUA in English 1735 GMT 23 Jun 86

[Text] Turin, Italy, June 23 (XINHUA) -- Visiting Chinese Communist Party General Secretary Hu Yaobang today praised the Fiat Group for its efforts in seeking cooperation with China from a long-term perspective. During his visit to Italy's largest producing firm here, Hu said that he appreciated the Fiat Group's positive approach towards its dealings with China and wished a further development of cooperation in between China and the group.

President of the Fiat Group Gianni Agnelli told the Chinese leader that his group has cooperated with China over the past two decades and that it has recently reached with China agreements on co-production of trucks and tractors respectively in Nanjing and Luoyang. He expressed the hope that the existing cooperation would be advanced to a new level.

Hu and his party, who arrived in Turin earlier today after a visit to Venice, then toured some Fiat factories and viewed a display of Fiat products, including cars, trucks and tractors.

At a luncheon in Hu's honour hosted by Gianni Agnelli, Vice Premier Li Peng, who has been accompanying Hu on his current European tour, told the Italian hosts that General Secretary Hu and all his colleagues were very pleased that their four-nation West European trip wind up in Turin, the automobile capital of Italy. The vice premier expressed the hope that Fiat's joint ventures with China would be a success. Hu and his party are scheduled to leave here for home late this afternoon.

Ends Tour; Departs for Home

OW231813 Beijing XINHUA in English 1753 GMT 23 Jun 86

[Text] Turin, Italy, June 23 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang left here for home late this afternoon after winding up his four-nation West European tour which he called a "complete success." During his 16-day visit, General Secretary Hu was given a warm reception by leaders and peoples in Britain, Federal Germany, France and Italy.

Hu met with the leaders of the four countries to discuss bilateral relations and major international issues including peace and development. He also met with various political party leaders from the host countries.

Upon his departure from Rome on June 21, Hu told reporters that he had accomplished the objectives of his four-nation West European tour. "The visit is a complete success," he said. Hu's party, including Chinese Vice-Premier Li Peng and Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Fei Xiaotong, also boarded Hu's plane for home.

Returns Via Pakistan

OW240846 Beijing XINHUA in English 0837 GMT 24 Jun 86

[Text] Kunming, June 24 (XINHUA) -- General Secretary Hu Yaobang of the Chinese Communist Party Central Committee flew into here this afternoon after his official visit to Britain, Federal Germany, France and Italy. Li Peng, Political Bureau member of the CPC Central Committee and vice-premier of the State Council, and Fei Xiaotong, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, who accompanied Hu on the visit, arrived aboard the same plane.

Among those present at the airport to welcome them were Pu Zhaozhu, secretary of the Yunnan Provincial Committee of the Chinese Communist Party, He Zhiqiang, deputy-secretary of the Yunnan provincial party committee and governor of Yunnan Province.

On his way home, Hu made a brief stoppover at Karachi airport and was welcomed and seen off by Lt. General Jahan Dad Khan, governor of Sind, and Syed Ghous Ali Shah, chief minister of Sind Government. Chinese Ambassador to Pakistan Wang Chuanbin was also present.

PRC-VATICAN CONTACTS POSSIBLE AT CONFERENCE

HK240714 Hong Kong AFP in English 0701 GMT 24 Jun 86

[By Pierre-Antoine Donnet]

[Text] Beijing, June 24 (AFP) -- A week-long meeting of the World Conference on Peace and Religion opening here Wednesday will provide an opportunity for informal contacts between China and the Vatican, the secretary-general of the Holy See said Tuesday.

Dr. John Taylor told reporters that Vatican authorities were very happy about the conference, which will bring together 140 religious figures from 30 countries under United Nations auspices.

"They regard this as one step among many other steps of informal contacts with different religious leaders in China," he said. "There is a great deal of good will on the part of the Vatican about the meeting." China broke off relations with the Vatican in 1957 and created the "China Patriotic Catholic Association" for the country's three million Catholics. The group is totally independent of the Vatican and names its own prelates.

Some of the 30 countries invited to the conference, including Israel, South Korea and South Africa, have no diplomatic relations with China.

Dr. Taylor said that an archbishop and two bishops from the Vatican would attend the conference and visit churches and Catholic institutions in Beijing. The Vatican secretary-general said that delegates to the conference would also hold private informal discussions with their Chinese counterparts on violations of human rights in China. In particular, he said, they would raise the subject of Catholic priests imprisoned in China and Tibet, annexed by China in 1951.

According to Amnesty International, about 10 Catholic priests, most of whom are over 70 years old, are jailed in China for maintaining relations with the Vatican.

Despite the official inflexible position towards the Vatican, which Beijing has accused of meddling in its internal affairs, China has recently made several conciliatory gestures, observers said. They cited the July 1985 release of the former Bishop of Shanghai, Ignatius Gong Pinmei, who has spent more than 30 years in Chinese prisons.

Dr. Taylor also said that he had recently met the Dalai Lama, the Tibetan spiritual leader who has been in exile in India since a failed anti-Chinese uprising in 1959. His Chinese hosts were aware of the meeting, he said.

Dr. Taylor said that since the end of the Cultural Revolution (1976-1976), Chinese authorities have recognized the social value of religion and have allowed for greater religious freedom.

The World Conference on Peace and Religion, a non-governmental organization attached to the United Nations, was created in Kyoto, Japan, in 1970. Its members include Christians, Moslems, Buddhists, Hindus and Jews. Han Wenzao, secretary-general of the Chinese organizing committee, said that officials from Catholic, Protestant, Buddhist and Taoist organizations in China would attend the conference.

The conference opening in Beijing this week is the first to be held by the organization in a communist country. "By meeting in China, we are recognizing the importance of China on the world scene as an actual and potential peacemaker," Dr. Taylor said.

He praised Chinese leaders for making positive criticisms of the arms race between the United States and the Soviet Union.

Beijing held its first international conference on peace and disarmament in June 1985, and has since sent representatives to similar meetings held around the world. For several years, Chinese authorities have also allowed delegations from countries with which Beijing does not have diplomatic relations to attend conferences held in China under the auspices of international bodies.

GENG BIAO MEETS DANISH JOURNALISTS DELEGATION

OW200805 Beijing XINHUA in English 0615 GMT 20 Jun 86

[Text] Beijing, June 20 (XINHUA) -- Geng Biao, vice-chairman of the Standing Committee of China's National People's Congress, met here today a delegation from the Danish Journalists Union, led by its chairwoman Tove Hygum Jacobsen. Geng said he would like to see more contacts between journalists in order to promote mutual understanding between the two countries.

FURTHER REPORTAGE ON VISIT OF MALIAN PRESIDENT

Holds Talks With Deng Xiaoping

OW211016 Beijing XINHUA in English 0932 GMT 21 Jun 86

[Text] Beijing, June 21 (XINHUA) -- China will stick with socialism after it develops, and will not forget its poorer friends in the Third World, senior Chinese leader Deng Xiaoping said here today. Deng, chairman of the Communist Party Central Advisory Commission was speaking at a meeting with visiting Malian President Moussa Traore, at which they discussed the prospects of China's development and its significance.

The Chinese leader forecast that China's total national income would exceed 1,000 billion U.S. dollars a year by the end of the century, and would catch up with developed countries in 30 to 50 years after that. He said: "China is a force to safeguard world peace, and it will be stronger by that time. This means that the forces of opposing hegemonism and safeguarding world peace will be much stronger. "China's influence plus other peaceful forces in the world -- especially the development of the Third World -- will provide favorable conditions for the prevention of war."

Deng said that China's development meant that one-fifth of the human race was escaping poverty. This was an important contribution to humanity. As an ancient country, China had made outstanding historical contributions to human civilization, but feudalism had arrested its progress for a long time. This had resulted in China being bullied by imperialism, and the country had been left in a state of poverty and backwardness. He said: "China will continue to belong to the Third World when it has become developed. This is very important, and is the foundation of our national policy. We will teach our future generations always to regard China as a Third World country, and not to forget all the poorer friends in the world."

President Traore wished China even greater successes on the road to development.

Deng praised policies pursued by Mali, and said: "China and Mali are both going through a period of development, and our experiences have shown that it is important to work out policies in accordance with practical conditions. Only by applying domestic and foreign policies to suit a country's needs can difficulties be overcome."

Deng Intends To Step Down

HK210730 Hong Kong AFP in English 0714 GMT 21 Jun 86

[Text] Beijing, June 21 (AFP) -- China's top leader Deng Xiaoping Saturday repeated his intention to gradually withdraw from the political scene in order to avoid becoming an "obstacle" to the country's development.

Mr Deng told Malian President Moussa Traore that he had "made arrangements to withdraw gradually from history" because he did not want to become "an obstacle to the advance of our cause."

The Chinese leader said recently that he now worked no more than two or three hours a day.

The Malian president, who arrived here Thursday for a week-long visit before continuing on to North Korea, met Friday with Prime Minister Zhao Ziyang. He was unable to meet with his Chinese counterpart Li Xiannian, 80, who has been in hospital for the past month recovering from a cold.

Zhao, Traore Sign Loan Agreement

OW211406 Beijing XINHUA in English 1353 GMT 21 Jun 86

[Text] Beijing, June 21 (XINHUA) -- An agreement on the interest-free loans provided by the Chinese Government to the Malian Government and a protocol on cooperation between the two governments on the management of Mali's Sekou textile mill were signed here this afternoon. Chinese Premier Zhao Ziyang and Moussa Traore, the visiting Malian president, attended the signing ceremony. Signing on behalf of the two governments respectively were Zheng Tuobin, Chinese minister of foreign economic relations and trade, and S. E. M. Modibo Keita, Malian Minister of foreign affairs and international cooperation. Also signed today was an exchange of notes on the deferring of repayment of seven loans provided by the Chinese Government to the Malian Government.

Bids Farewell to Zhao

OW211402 Beijing XINHUA in English 1341 GMT 21 Jun 86

[Text] Beijing, June 2 (XINHUA) -- Visiting Malian President Moussa Traore, his wife and their party left here this afternoon for a visit to Lanzhou, capital of China's northwest Gansu Province. Premier Zhao Ziyang bid farewell to Traore at the Diaoyutai State Guesthouse before his departure. Zhao described Traore's visit in Beijing a a "success", saying that both sides exchanged views on international situation and had fruitful discussions on developing bilateral co-operation. Traore said the current China visit, the third for him, is a significant event in the history of Malian-Chinese friendship which is based on mutual trust and respect. In the evening, Jia Zhijie, governor of Gansu Province, gave a banquet in honor of Malian guests who are accompanied by Minister Qin Zhongda of chemical industry from Beijing.

Visits Sites in Lanzhou

OW222249 Beijing XINHUA in English 1223 GMT 22 Jun 86

[Text] Lanzhou, June 22 (XINHUA) -- Malian President Moussa Traore, his wife and their party today visited the Institute of Desert Research under the Chinese Academy of Sciences in Lanzhou, in the company of Governor of Gansu Province Jia Zhijie. Traore and his party saw a display hall and a laboratory of the institute and watched films about preventing and controlling desertification. Like many other African countries, Mali, with half of its territory covered with desert or sandy land, is also facing the problem of desertification.

Director of the institute Zhu Zhenda told the visitors that China now has 1.49 million square kilometres of desert and sandy land which is 15.5 percent of China's total territory. Since China organized desert control teams in 1958, scientists have scored some achievements in exploiting and making use of desert resources and keeping farm land and railways from desertification. Traore wrote in the visitor's book: "Best regards to all people who are fighting against desertification." The Malian delegation today also visited afforestation [as received] of waste mountains in the Lanshan Park an Yuzhong solar energy base known as a "small sunny city".

HU QILI ADDRESSES SCIENCE CONGRESS OPENING

OW232353 Beijing XINHUA Domestic Service in Chinese 1322 GMT 23 Jun 86

[By reporters Zhu Weixin and Wu Ming]

[Excerpts] Beijing, 23 Jun (XINHUA) -- The third national congress of the Chinese Association for Science and Technology opened with grandeur this afternoon in Beijing. Comrade Hu Qili, who was present on this occasion, paid high respects and extended heartfelt thanks to the scientific and technological workers throughout the country on behalf of the party Central Committee and the State Council.

Other leading comrades, including Fang Yi, Tian Jiyun, Hao Jianxiu, Wang Zhaoguo, and Song Jian, were also present at the opening ceremony and extended warm greetings to the representatives from the science and technology circles.

Comrade Hu Qili addressed the opening ceremony. He said: The Chinese Association for Science and Technology is the link whereby our party and government keep in contact with scientific and technological workers. It also assists the party and government in developing the work of science and technology of our country. In recent years, the Chinese Association for Science and Technology has, on its own initiative, supported the orientation of combining science and technology with economic construction, organized the broad masses of scientists and technicians to conduct extensive academic exchanges and establish lateral ties at home and abroad, gone all out to popularize the knowledge of science and technology, and made energetic efforts to offer consultation service and facilitate the contacts between scientific and technological workers and the party and government. It has thus played a significant role in building the socialist material and spiritual civilizations.

He pointed out: Our country has made rapid progress in economic construction over the past few years. This is partly due to the work of the science and technology circles. Our progress is, indeed, linked with the enthusiasm and painstaking efforts of the vast numbers of scientists and technicians. Now we are in an important historical period. Confronted with new circumstances and demands, we hope that those on the scientific and technological front will work hard in three areas:

First, go all out to reform the management system of science and technology, unswervingly gear the work to economic construction, and take it as a main task of science and technology to help achieve the goal of quadrupling the gross annual value of industrial and agricultural production by the end of this century. To gear the work of science and technology to economic construction, it is necessary, first of all, to apply new scientific research results to various sectors of the national economy, especially to those trades and economic sectors that have great bearings on our economic construction and social development, such as energy production, transportation, telecommunication, and raw and semifinished materials industries. Meanwhile, great attention must be paid to gearing the work to the needs in rural areas. The "sparking plan," being carried out in the countryside, is a good way for science and technology to serve the needs of the rural economy. In addition, it is imperative to pay great attention to promoting basic scientific research, catching up with the development of high technology, and being prepared scientifically and technologically for our progress in the next century.

Second, give full play to the role of science and technology in building spiritual civilization and fight against ignorance, superstition, and backwardness. The level of development of science and technology is one of the significant hallmarks showing a nation's quality and civilization. It is, therefore, a major task in building spiritual civilization to spread the knowledge of science, technology, and culture among the people and to make ceaseless efforts to raise their level in this regard.

Third, keep to the policy of letting a hundred schools of thought contend, carry forward democracy, strengthen unity, and develop extensive academic exchange both at home and abroad. In scientific research and academic study, we should not only encourage the free discussions of different academic views and the emergence of outstanding persons, but also encourage and support scientists and technicians to put forward their views and suggestions on major questions concerning economic construction, the technological work policy, and social development. It is imperative to knock down the barriers between higher and lower levels and between different regions, departments, and localities and to oppose sectarianism and the practice of blockading each other. Instead, the practice of closing ranks to cooperate, working in concert, and making joint efforts to solve key problems should be promoted.

Hu Qili continued: To play its role still better, the Chinese Association for Science and Technology should persist in promoting reforms. It should serve the needs of making reforms and opening to the outside world. In addition, it should work in a democratic way, enthusiastically serve the needs of scientific and technological workers, let the party and government know their opinions and requirements, and safeguard their legitimate rights and interests so as to preserve its characteristics as a mass organization.

Referring to the need for scientific and technological workers to enhance their unity, he stressed that at present it is necessary to promote the practice of "respecting knowledge and competent persons" among scientists and technicians just as in other communities. Intellectuals and scientific and technological workers should learn from each other and support and respect each other, he said.

Concluding his speech, Hu Qili emphasized that party committees and governments at all levels should attach importance and give support to the work of associations of science and technology and make every effort to create favorable conditions for these associations to unite the vast numbers of scientific and technological works so that they will make still greater contributions to building the socialist material and spiritual civilizations.

At today's session, Yan Jici, vice chairman of the Chinese Association for Science and Technology, made an opening speech after Wang Ganchang, another vice chairman of the association, declared the congress open.

Speeches were also given by Luo Gan, vice president of the All-China Federation of Trade Unions; Song Defu, first secretary of the CYL Central Committee,; Wang Shuxian, member of the Secretariat of the All-China Women's Federation; Zhang Guoji, president of the All-China Federation of Returned Overseas Chinese; Zhou Wenyuan, deputy director of the General Political Department of the Chinese PLA. They all congratulated the opening of the third congress of the Chinese Association for Science and Technology.

Zhou Peiyuan, chairman of the Chinese Association for Science and Technology, delivered a work report, entitled "Work Hard in Unity and Contribute Our Expertise and Wisdom to the Fulfillment of the Seventh 5-Year Plan."

Among the noted scientists and leading members of the Chinese Association for Science and Technology attending today's session and sitting at the front row on the rostrum were Mao Yisheng, Qian Xuesen, Pei Lisheng, Zhang Wei, Lin Lanying, Yang Xiandong, Qian Sanqiang, Jin Shanbao, and Wang Shuntong.

Stresses '100 Schools' Policy

OW231416 Beijing XINHUA in English 1353 GMT 23 Jun 86

[Text] Beijing, June 23 (XINHUA) -- China must further resolutely and unswervingly implement the policy of letting 100 schools of thought contend, a Chinese Communist Party leader said here today.

The country must develop democracy in order to create a good environment and atmosphere for bold exploration and free contention among different academic schools, said Hu Qili, member of the Political Bureau and Secretariat of the Communist Party Central Committee.

He was speaking at the third national congress of the Chinese Association for Science and Technology which opened today. It will last for five days.

The aim of creating such an environment and atmosphere, Hu said, is to boost China's science and technology, train more competent people and to tap their potential to the full.

He said: "In scientific research and academic study, we should encourage not only free discussions of different academic views among outstanding thinkers, but also encourage scientists and technicians to put forward their views and suggestions about the country's economic construction and policies concerning technical and social development."

Decision-making bodies should make sure that scientists and technicians took part in the investigation, discussions and the drawing up of policies, and should listen to their views. They should continue to listen to differing views and new suggestions and earnestly study them even after decisions were made.

He said: "Even if some of the views and concepts are wrong as proved in practice, we should adopt a good attitude, and convince people by reasoning.

"We must never repeat the erroneous methods of forcing people to accept different academic views and ideas, and of imposing various political labels on them."

The training of competent people and the progress of science and technology depended on the development of democracy and the improvement of the democratic system.

He added: "The party's policy of letting 100 schools of thought contend is the concrete manifestation of socialist democracy in the field of science and technology, and whether we should adhere to this policy or not is in essence whether or not we should develop and improve socialist democracy."

Developing Technology Urged

OW231428 Beijing XINHUA in English 1409 GMT 23 Jun 86

[Text] Beijing, June 23 (XINHUA) -- China's economic success and modernization will depend on the development and use of sophisticated technology, Hu Qili, member of the Political Bureau and Secretariat of the Communist Party Central committee, said today.

Speaking at the third national congress here of the Chinese Association for Science and Technology, Hu said: "We must approach the level of economically-advanced countries and strive to catch up with them scientifically in the next century.

"Whether we can accomplish the goal in betweeen 30 and 50 years depends on our technical reserves."

He noted that competition between countries focused on economic power, and that economic competition is, to a great extent, scientific and technical competition.

Hu called on scientific workers to study the development of sophisticated technology closely and to absorb advanced foreign science and technology.

Modern science and technology is the most active and decisive factor in the new social productive force. It will boost the commercial economy, enliven enterprises and raise economic efficiency and productivity, he said.

Science must serve economic development, and new scientific results must be put into use in the national economic development, especially in the development of energy and raw materials, transport and telecommunications.

The rural economic reforms and the change in the agricultural and industrial structures have also presented a challenge to scientists.

Hu added: "We must acquire a scientific outlook, and break economic barriers between regions and departments to promote co-operation."

LIAOWANG ON IMPLEMENTING 'DOUBLE HUNDRED' POLICY

HK230419 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 24, 16 Jun 86 p 1

["Letter from Beijing" by Bao Xin: "A Re-Understanding of the 'Double-Hundred' Policy"]

[Text] Dear Brother:

Recently, newspapers in the capital have repeatedly carried articles on the policy of "letting a hundred flowers blossom and letting a hundred schools of thought contend." From different angles people have been discussing the experience of the "double-hundred" policy and forecasting its future. There has been a fairly heated discussion.

In appearance, these articles have been written to mark the 30th anniversary of the formulation of the "double-hundred" policy.

In fact, this is because we have been provided with the necessary conditions to regard it as a basic national policy for bringing prosperity to the academic, artistic, ideological, and cultural fields, so that people are in a good frame of mind to talk about its "history." If that is not the case, why was there nobody mentioning it at its 10th and 20th anniversaries?

After a long pregnancy, the "double-hundred" policy was born in 1956, a year in which glorious successes were scored in both economic and cultural construction. However, having suffered many a setback, it met with misfortune at its first anniversary. Because class struggle was unrealistically stresssed, matters in the ideological, academic, literature, and art fields were again and again repudiated and struggled with as political issues. During the 10 years of the Cultural Revolution, a situation marked by "10,000 horses standing mute" appeared. At its 20th anniversary, the "double-hundred" policy existed in name only. That a good policy should have failed to yield satisfactory results made Lu Dingyi, Yu Guangyuan, and other historical witnesses of the "double-hundred" policy sigh with emotion in retrospect.

The "double-hundred" policy was born in a fourishing age and it has revived in a flourishing age, too. Since the 3d Plenary Session of the 11th CPC Central Committee, with the rectification of the guiding ideology, the "double-hundred" policy has stood up again like a phoenix rising from the ashes. Moreover, China, which is carrying out reforms, has planted a luxuriant Chinese parasol so that the phoenix can perch upon the tree, flapping its wings and singing.

The tree trunk is the political line of the CPC. The people have discarded the theory of "taking clas struggle as a key link" and replaced it with unity. They are engaging in the four modernizations program with one heart and one mind and are trying to reunify the motherland with the concept of "one country, two systems." Erroneously attacking our own people as the enemy can be regarded as the most profound lesson the people of the whole country have learned from the "leftist " line. In Shanghai, Hu Qili recently reaffirmed: "We shall neither launch mass movements, bludgeon people, stick political labels on them, nor make them the targets of criticism or attack." "We should uphold the 'double-hundred' policy, convice people by giving them guidance, and encourage them to give voice to their innermost feelings." Facts over the past 7-8 years have shown that these words have been matched with deeds. The slogans "creative freedom" and "academic freedom" have been earnestly presented and are being conscientiously put into practice.

Moreover, fundamental changes have taken place in people's views toward intellectuals. When the "leftist" line prevailed, intellectuals were regarded as an alien force called the "stinking ninth category." Now, intellectuals are a component part of the working class. Knowledge and intellectuals should be respected and cadres should master intellectual work. An important cause for our failure to satisfactorily implement the "double-hundred" policy in the past was the erroneous views toward intellectuals. This situation no longer exists.

In implementing the "double-hundred" policy, there is also a question of method, namely, how to approach differing views and how to correctly handle contradictions among the people.

Naturally, people will not discuss the "double-hundred" policy with robbers and swindlers who have violated the law. This policy largely involves contradictions among the people. Since Hu Yaobang put forward the policy of "persuasion," CPC leaders at all levels have made notable progress in this respect. Hu Yaobang, Zhu Houze, and other leaders recently stressed the need to protect people airing differing opinions and views. They also said that differing views can be settled through discussion and that we should not stick such labels as liberalism and an ossified way of thinking on people in an oversimplified way. Problems in the spiritual world can only be solved by democratic means and people should be encouraged to conduct experiments and to explore new ground. A leader recently said: The best method for handling contradictions is to handle them slowly in the manner of "a slow rate of flow at low velocity, a mild rain, or a gentle breeze."

After 3 decades of practice, many lessons, both positive and negative, have enabled people to gain a clearer understanding of the importance of implementing the "double-hundred" policy. By listening to Li Siguang's unorthodox speech at the geological institute China has today become the world's sixth largest oil producer; by rejecting Ma Yinchu's theory on population control China lost control over its population. In the stage of conducting reforms, China precisely needs the "double-hundred" policy to extensively adopt popular views. A leader recently said: The period of reform is one of which opinions vary and people carry on endless discussions. We should encourage cadres in their hundreds of thousands and the people in their hundreds of millions to be bold in conducting experiments, forging ahead, and blazing new trials.

The environment in which people forge ahead and blaze new trails is also one of the endless discussions. It is impossible for people to make experiments in complete silence. We should get used to living and working in an environment of endless discussions and learn to give correct guidance and to choose and follow what is good in the course of such discussions. Party work style, social conduct, and study style should become more mature in the course of implementing the "double-hundred" policy.

Obviously, the "double-hundred" policy will have good fortune in the future.

Sincerely yours,
Bao Xin
9 June

CULTURAL NEWS HIGHLIGHTS WRITERS' DISCUSSIONS

OW232323 Beijing XINHUA in English 1135 GMT 20 Jun 86

[Excerpt] Beijing, June 20 (XINHUA) -- Today's cultural news in brief:

Historical Argument

Seventy writers have just held a heated discussion about the literary merit of novels based on historical events at a congress on historical fiction held by the Chinese Wriers' Association in Hubei Province. Over the past 10 years, 60 novels, 70 novellas and hundreds of short stories based on historical events have been published in China.

WANG MENG ON ASPECTS OF LITERATURE IN NEW ERA

HK210616 Beijing WENYI BAO in Chinese 14 Jun 86 p 1

[Article by Wang Meng: "On 'Excitement'"]

[Text] The literature in the 10 years of the new era will go down in history. It has been so lively, so changeable, and so enthusiastic, and has had so many readers and writers, new writers in particular. Exactly because of this these brilliant achievements have been highly spoken of by people. As I write this article, a fantastic idea suddenly occurs to me: Should I write something this time about the "shortcomings?" (Maybe I would be taking some risks by doing so.)

The new era has been full of exciting and excited literature. The emancipation of the mind is, in fact, the emancipation of the soul. The emancipation has greatly excited the souls of the writers and readers of literature. They excitedly break through the "forbidden zones," excitedly make explorations and draw lessons from the new methods of expression; excitedly issue awards, receive awards, and make criticism and countercriticism; excitedly put forward various ideas and banners, excitedly run journals and organize contingents; excitedly open up to the outside world, make exchanges with the foreign countries, and go abroad; excitedly aim toward international awards; and excitedly glibly talk about the need for "solitude," and so on.

Literature needs excitement and yet does not need excitement, and is similar to sports in this aspect. Artistic creation is arduous and protracted, and it is often difficult to immediately reap results and just. It needs a long-standing accumulation of living experiences, thoughts, and feelings, in-depth study and research, and concentrated and wholehearted labor. If someone makes impassioned and vehement speeches one day and the next day is deeply moved to tears by other speeches; if someone amazes the world one day with a single brilliant feat and becomes famous and on the next day becomes a controversial person and a center of public attention; if someone one day is encouraged, well-received, and exceptionally promoted and on the next day is helped, taught, and persuaded; if someone one day visits Jiuzhai Ridge and on the next day goes to Jiangou Hotel; if someone one day spreads news and on the next day tries to discover the "spirit"; and if someone on one day puts forward a banner and on the other day raises a proposition, then could he possibly concentrate on writing?

Literature is a very serious cause. At present, with so many journals and periodicals and such talented contracting editors who are able to buy articles by greenhorns, take the risk of damaging themselves to win the confidence of writers, steal others' articles midway, flagrantly snatch others' articles, and so on, no editor dare to offer any suggestions for improvement on a basically successful article by a certain instantly famous writer. If you dare to suggest that a writer "polish" a certain part of his article, some capable people waiting in the wings will surely seize the opportunity and promise that "not a single word in this article will be changed. We are going to carry it on the front page and pay you handsome contribution fees."

Recently we have often heard high-sounding and inappropriate opinions, including some literary criticism.

Some people tend to give a certain writer, viewpoint, or school (if it has almost taken such a shape) the pills of strength on one day, but feed the same writer or viewpoint or another writer or viewpoint with purgatives. Can't they "exercise some moderation?"

Some people propose that to have "stunning works" we should first of all have "stunning literary criticism." Some people say that writers are created by "favorable comments." When all the works and criticism are stunning, won't the readers be stunned? Some localities have proposed working out plans for reaching set levels in a certain number of years. Regarding these opinions and ideas, I respect them yet am doubtful.

There is also the issue of writers' maneuvers and trends. In order to publish a work or receive an award or to be a councillor or because of a literary review or a chance to visit foreign countries, some writers maneuver among various political groupings, looking for patrons and establishing relationships. Shouldn't they avoid this unnecessary expense of energy?

There are often various eloquent debates over the conditions and social standing of writers. It is a fact that there are still a considerable number of writers in our country who have very low social standing (in some localities writers are not even recognized as intellectuals in determining their technical titles) and very poor living and working conditions. Leaders at all levels should have undeniable responsibility for providing better conditions for the writers' creative labor and improving their present conditions.

Viewing both Chinese and foreign literature, we can see that it is also a fact that the condition and social standing of a writer do not have a direct or immediate bearing on his work achievements. I think that it is not necessary to cite examples.

It is, of course, a gratifying phenomenon of ideological liveliness to renew various concepts and propose various slogans. However, a new concept, method, or slogan can at best only provide an additional choice or a possibility of choosing a new path in our scaling the heights of literature and art but can absolutely not replace the protracted and arduous work of scaling itself. It can replace neither particular living experiences and knowledge, accumulation of culture, distinctive and valuable thoughts and considerations, unique and ingenious expression, nor the distinctive, noble, and great personality which cannot be easily achieved or imitated by writers. Whether Kafka, Garcia, Marx, Zhuang Zi, or a piece of ancient painted pottery, the three new theories [xin san lun 2450 0005 6158] or the additional three new theories [xin xin san lun 2450 2450 0005 6158], they can all gives us inspiration for work and creation. However, they can not provide us with patterns of modernization nor make us take a sudden new look and claim "breakthroughs." Therefore, we'd better say that a really great and outstanding work can be hardly created in a boisterous and bustling atmosphere. Viewing both Chinese and foreign literary histories and phenomena, we can see that neither Tolstoy, Cao Xueqin, Li Bao, Du Fu, nor Pushkin created works in an "overheated" atmosphere.

Literature is now becoming a social and popular undertaking. We should make a kind of relatively calm or stable situation.

In particular, no matter how flourishing or bad the situation is, we writers should try our best to remain calm and be wholly absorbed in our creative work. As "people would feel cool as long as they stay calm," we can thus create works, enhance our immunity, and resist any unhealthy tendencies in the literature and art circles.

I once said that the golden age of literature has come. This is because the conditions for the work of literature are such better than in any time before. Nevertheless, it does not mean that every literary work created in this golden age is glittering gold. The overheated temperature, raucous boisterousness, arbitrary and impracticable directions, or overinflated literature can produce a large number of fakes which are no better than brass of yellow tiles. In order to create works in this golden age which are worthy of the golden age, it is necessary for us to stay more calm and be more absorbed in our lives, study, and work.

BO YIBO ARTICLE STRESSES COMMUNIST IDEALS

HK240607 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 4

[Article by Bo Yibo: "Party Character, Ideals, and Integrity of a Communist"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, our country has entered the new period of socialist development. The main task in this period is to energetically develop social productivity, realize modernization, keenly develop socialist material civilization and spiritual civilization, and turn our country into a rich, powerful, democratic, and civilized socialist state. A series of major policy decisions by the party, such as opening up to the outside world, enlivening the domestic economy, and reforming the economic system, are exactly designed to serve the realization of this main task and the building of socialism with Chinese characteristics. Reform means the socialist system improving and perfecting itself, and is a revolution to further emancipate our country's socialist productive forces. There is no precedent for it that can be followed. It calls for our realistically exploring things in practice and blazing a new trail through brambles. In the great struggle to realize the party's main task in the new period and in the great practice of reform, how a communist should lead the way in accordance with the party's instructions and really give full play to his own exemplary vanguard role is a new problem for every party member that must be seriously pondered, seriously approached, and solemnly answered.

In the past few years, there have emerged on various fronts many fine party members who bravely fight and give creditable performances for the cause of reform and modernization. They have correctly answered this problem with their own actual actions. The People's Publishing House of Shanghai has compiled news messages and reports reflecting the deeds of some fine party members in a book entitled "Party Character, Ideals, and Integrity." I believe that the publication of this book will have a stimulating effect on education in party character, ideals, and discipline and the work of rectifying party style being carried out by the whole party and on party building in the new period.

A communist's party character is a comprehensive embodiment of the progressive nature of the working class in such fields as ideology, politics, style, organization, discipline, and so forth.

Its core calls for serving the people wholeheartedly. In judging the strength of a party member's party character, the determining factor is, in the final analysis, whether he acts in accordance with the party's fundamental goal in a faithful and exemplary manner. In the whole historical process of the party fighting for the realization of communism, we must at any time firmly and unswervingly uphold this goal. Of course, in different periods of history, there are different historical requirements and concrete demands in serving the people. In the new period of today, there are three most fundamental things that we must achieve in wholeheartedly serving the people. First, we must use the power vested in us by the party and the people to serve the interests of the overwhelming majority of people. Second, we must be the first to suffer and the last to seek enjoyment, place others before ourselves and public interests before private ones, and consciously subordinate individual interests to those of the party and the people. Third, we must show the work spirit of being cautions and conscientious and fighting amidst hardships, and keep leading the masses in creating a new situation in work. We cannot become "people who seek only to 'enjoy' the advantages of being party members in power and are unwilling to serve communism selflessly." Just as an ancient saying goes, "The secret of government lies in overcoming selfishness. Without overcoming selfishness, there cannot be fairness"; "We must first overcome selfishness before we can play fair and square in directing public affairs." There is another saying: "Do not bestow small favors in disregard of principle. Do not use seeking fairness as an excuse to serve private ends." These words are well justified. We communists "set up the party to serve public interests" and "run the government to serve the people." Every Communist Party member and every Communist Party cadre should have a deep understanding of these principles and must really set personal examples. "As oarsmen, we should help the travelers." Anytime, anywhere, and in any post, we must be the people's hardworking "oarsmen."

A communist's loftiest ideal is to realize communism. As Comrade Deng Xiaoping said well: "In the past, our party always had great combat capability no matter how small it was and no matter what difficulties it encountered. This was because we had our faith in Marxism and communism . Once we have a common ideal, we will also have iron discipline. In the past, present, and future, this was, is, and will always be our real advantage." At no time should we ever throw away this real advantage, and we should always regard adhering to the communist ideal as our essential spiritual pillar and the impetus to urge us to forge ahead. Over the past more than half a century, a CPC has carried out extremely arduous struggle for the realization of this ideal. Through 28 years of bloody struggle, it has won the greatest victory in its democratic revolution. Through another 37 years of steadfast efforts, it has won the great victory of its socialist revolution and scored tremendous achievements in its socialist construction. It was precisely because we had our lift ideal of communism and we had millions of CPC members who fought consciously for the realization of this ideal that we were able to score all these achievements. It is a basic guarantee for the vigorous and ever incessant development of our party's undertakings. Our communist ideal is not an empty word, but has substantial contents.

The structural reform and four modernizations program we are now carrying out and the policies our party has adopted in this new practice to carry them out are all aimed at developing our socialist economy and the entire socialist cause and are all closely and historically related to the final transition to communism. Therefore, every communist should not only keep always in mind the lofty goal of communism, but should also be good at unifying this goal with our actual current tasks; in other words, he should be good at unifying his lofty ideal with the spirit of doing his work practically. The party member comrades whose stories are given in this book and many other fine party members have been doing just this.

A communist's integrity is shown in a concentrated manner in his undaunted struggle to pursue and adhere to truth. This is an important aspect of the virtue of party spirit. In the years of revolutionary wars in the past, many party members shed blood and died on battlefields and enemy's execution grounds and would rather die than yield. This fully displayed communists' magnificent uprightness. Today, in a peaceful environment of socialist construction, our party members should even more constantly pay attention to consciously resisting the erosion and impact of various decadent thoughts and be brave in fighting against all unhealthy practice and trends that harm the party's and people's interests and against all words and deeds that do not conform to the four basic principles. The vast number of party members and cadres on all fronts should all carry on this integrity and set examples in observing law and discipline and adhering to principles. "A magnificent integrity spreads a thousand li away like the wind." As long as we have this revolutionary integrity, we will become the strongest on the road of revolution, will be able to press forward with indomitable will and inspire awe by upholding justice, and will not be brought down by unhealthy trends.

The practice of our entire party has once more shown that for the most part, our party ranks are pure and our party has a powerful combat capability. The experience gained by various areas in carrying out party spirit education has also proved that conscientiously publicizing advanced people's deeds in a truth-seeking manner, encouraging people to learn from advanced people and thus heightening party members' party spirit, is a very practical way to improve the quality of our party ranks. Grasping this work well will certainly play an important role in continuing to implement the spirit of the national conference of party delegates, intensifying the construction of our socialist spiritual civilization and promoting the work to bring a radical turn for the better to our party work style and general mood of society.

We should always pay attention to an important historical experience: A person who has been cited as a fine party member or advanced person should be able to stand the test of time, be modest and prudent, guard against arrogance and rashness, be brave in blazing new trails, and forge ahead incessantly. It is not hard for one to do a bit of good. What is hard is to do good all one's life and never do anything bad. At any time, all party members and cadres should maintain the inherent qualities of the working class' vanguard and live up to their glorious title of Communist Party member.

PUBLICATION OF SELECTED CHEN YUN WORKER VIEWED

OW140930 Beijing XINHUA in English 0716 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- The third volume of the "Selected Works of Chen Yun", compiled by the Research Office of the Secretariat of the Communist Party Central Committee, has been published by the People's publishing house.

To date, all his major works, 157 in all written during the 60 years between 1926 and 1986, have been published. The first two volumes in the series, which consist of Chen's works between 1926 and 1956, were both published in 1984.

Chen Yun, 81, now serves as a member of the Standing Committee of the Political Bureau of the CPC Central Committee and first secretary of the CPC Commission for Discipline Inspection.

Incorporated in the third volume are 56 of Chen Yun's major works during the period from September, 1956, and September, 1985, a period in which China experienced many twists and turns, including economic setbacks, the 10-year "Cultural Revolution" and the introduction of major economic reforms. Most of them have never been published before.

A new collection of four works written between 1935 and 1949 have been added at the end.

During these 30 years, said an official from the Research Office of the CPC Central Committee Secretariat, the author persisted in the stand of seeking truth from facts and contributed many correct views and suggestions to assist economic construction, party consolidation and other major political tasks, and summed up the country's experiences in his works. They are still of great practical significance as guides to action, the official said.

NPC GROUPS DISCUSS FINAL STATE ACCOUNTS

OW240149 Beijing XINHUA Domestic Service in Chinese 1028 GMT 23 Jun 86

[Excerpts] Beijing, 23 Jun (XINHUA) -- Members of the 6th NPC Standing Committee attending its 16th meeting began on 21 June to hold group discussions on a report on the final state accounts for 1985 and a report on auditing work for the same year. Members of the NPC Standing Committee held: Our country's revenues and expenditures were balanced in 1985, and this shows that our financial situation took a further turn for the better. In the second half of this year, all regions and departments should adopt effective measures to bring in revenue and to keep spending under strict control in order to successfully implement this year's budget, to continue striking a balance between revenue and expenditure, and to ensure the smooth development of the economic structural reform.

Song Shaowen, member of the NPC Standing Committee, said: Implementation of the 1985 state budget was good, but there were still quite a few problems in this regard -- this is a realistic appraisal. Zhang Xianyue, another member of the NPC Standing Committee, said: The improved financial situation in 1985 was a result of the correct leadership exercised by the party Central Committee and the State Council and the conscientious efforts made by the Ministry of Finance.

Qian Min, member of the NPC Standing Committee, said: Investments in capital construction were controlled to some extent last year, but they still considerably surpassed the planned target. The state should continue to keep extrabudgetary projects under control. Seypidin Aizezi, vice chairman of the NPC Standing Committee, said: The expenditures for the development of education, science, culture, and public health during the Seventh 5-Year Plan will increase to some extent over the period of the Sixth 5-Year Plan, and those for this year have also increased over last year. Generally speaking, however, this cannot satisfy the needs in these respects. The state should cut down the funds for capital construction so that some of these funds can be used for the development of education, science, culture, and public health. Hu Jiwei, member of the NPC Standing Committee, said: Although the outlay for education has increased considerably, it is still far from meeting the actual needs. And the outlay for cultural undertakings is also inadequate. On auditing work, Wang Guoquan and other members of the NPC Standing Committee held: There were more cases in which administrative expenditures exceeded the budget, and the auditing organs should exercise strict supervision in this regard. They suggested that auditing organs be strengthened, and their work be stepped up, regularized, and institutionalized.

ARTICLE, GROUPS DISCUSS DRAFT BANKRUPTCY LAW

Law Improves Management

OW201427 Beijing XINHUA in English 1223 GMT 20 Jun 86

[Text] Shenyang, June 20 (XINHUA) -- A national meeting to discuss the theory and practice of enterprise bankruptcy ended on Thursday in this capital of Liaoning Province.

More than 200 legal and management experts and officials who attended the meeting agreed that the enterprise bankruptcy draft law, which had been put into trial practice in three industrial cities, Shenyang, Wuhan and Chongqing, had helped improve company management. The three cities began the experiment last year. Three collective-owned factories in Shenyang which were in the red were warned by city authorities that they faced bankruptcy unless they improved results.

The meeting was told that two had made up deficits and recorded profits by improving management. The third is likely to become bankrupt this year. The Shenyang explosion-proof instrument plant has fixed assets of 260,000 yuan, but over 10 years it has run up debts of 500,000 yuan, and has not apppeared able to recover. The discussion was arranged by the enterprise bankruptcy law drafting team, Liaoning Academy of Social Sciences and Shenyang City Council.

Poll Views Questions on Law

HK240701 Beijing JINGJI RIBAO in Chinese 14 Jun 86 p 3

[Article by Cao Siyuan: "An Investigation of the Questions Concerning the Enterprise Bankruptcy Law"]

[Text] On 2 April this year, the work report of the NPC delivered at the Fourth Session of the Sixth NPC proposed: In order to conform to the needs of economic structural reform and the socialist modernizations, we must actively, as well as in a responsible way, expedite the pace of economic legislation in connection with the importance, urgency, as well as actual conditions of the cases.

The relevant departments are now working on the formulation of several important economic and administrative laws, including the bankruptcy law.

Recently, we carried out the work in two different forms in Chongqing and Shanghai, and solicited opinions from the masses only after the system was publicized. The first one was introducing it in a special forum sponsored by the Chongqing City People's Congress Standing Committee, Shanghai City Society of Law, and the research society of economic law. The forum introduced the basic contents of the draft bankruptcy law and answered questions of particular interest raised by the participants. Later, the participants were asked to express their views by answering a questionnaire. The second one was summarizing the draft bankruptcy law and the bankruptcy relief producers in a 1,000-character text as well as, together with an article entitled "Economic Reforms Badly Need an Enterprise Bankruptcy Law," publishing and distributing them to the investigation targets, who were asked to answer the attached questionnaire. The people in these cities returned 924 questionnaires. Among them, 20 percent were workers; 71 percent were cadres of economic administrative organs, government and judicial organs,, as well as enterprises; and 9 percent were teachers and scientific and technological personnel. According to the effective answers to the questionnaire's 20 questions, they expresed their views in the following percentages:

1. 85 percent held that China economic situation has improved over the past 5 years; 1 percent held that it gradually became worse; 5 percent held that it made no remarkable changes; and 9 percent held that it became good at one time and bad at another.

2. 77 percent held that compared to the situation before reforms, enterprises now have some more decision-making power; 14 percent held that the enterprises now have much more decision-making power; and 9 percent held that there has been no change in the decision-making power.

3. 4 percent held that the state should subsidize enterprises that suffer from long-term losses and are unable to repay heavy debts; 67 percent held that the state should first consolidate these enterprises and then, after providing that consolidation does not work, let them go bankrupt; 17 percent held that the financial subsidies should be integrated with the bankruptcy system; and 12 percent held that we should make them switch over to other lines of products, merge with others, suspend their operations, and close down.

4. 68 percent held that it is necessary for China to establish a bankruptcy system; 28 percent held that the system is worth consideration; and 4 percent held that the system is not necessary.

5. 84 percent agreed that the "enterprise bankruptcy law" should be promulgated as soon as possible; 9 percent disagreed with this; and 7 percent declined to comment.

6. 7 percent held that the enterprise bankruptcy system is a capitalist system; 6 percent held that it is a socialist system; 83 percent held that it is a necessary condition for the commodity economy: and 4 percent said that they were not clear about this point.

7. 96 percent agreed with the statement that "compared to enterprises that only bring profits but undertake no risk, enterprises that bring profits and undertake risks and are more vigorous"; 4 percent disagreed with the statement.

8. 83 percent held that the practice of transferring workers to other trades after an enterprise goes bankrupt is reasonable; 17 percent thought it unreasonable.

9. 93 percent held that it is also reasonable to transfer cadres to other trades after an enterprise goes bankrupt; 7 percent thought it unreasonable.

10. On the issue that by basing on the average of worker's last 2 years' monthly wages, the worker should receive between the 1st and the 12th month of unemployment 75 percent of his wages as the unemployment benefit, should receive between the 13th and 24th month of unemployment 50 percent of his wages as the unemployment benefit, and should receive no unemployment benefit beginning from the 25th month of unemployment and that those who meet the requirements of receiving social welfare should go through relevant procedures, 81 percent held that it is reasonable and 19 percent held that it is not reasonable.

11. 88 percent held that it is practical that following the promulgation of the bankruptcy law, all enterprises should base on the total standard wages and monthly deliver 1 percent of the total to the authorities as the premium of workers' unemployment insurance; 12 percent held that it is impractical.

12. 10 percent held that following the promulgation of the bankruptcy law, most loss-incurred enterprises will collapse; 85 percent held that they will become vigorous and turn losses into profits; and 5 percent held that they will be subjected to the will of heaven.

13. 72 percent held that following the promulgation of the bankruptcy law, profit-making enterprises will also be greatly affected; 8 percent held that these enterprises will not be affected; and 20 percent held that these enterpries will be affected but not on a large scale.

14. 75 percent agreed with the statement that "following the promulgation of the bankruptcy law, enterprise workers will be concerned more than before about their enterprise's destiny, as well as actively exercise and safeguard their democratic administrative rights"; 1 percent disagreed with the statement; and 24 percent said that it is difficult to tell.

15. 95 percent held that the implementation of the bankruptcy system can help enterprises more actively and consciously understand the market information and can help them flexibly readjust the variety and specifications of products; 5 percent held that it is difficult to project the result.

16. 92 percent held that implementation of the bankruptcy system and market competition, which strengthens relationships among enterprises, will make enterprises improve product quality; 2 percent held that this will not happen; and 6 percent held that this is not certain.

17. 14 percent held that following promulgation of the bankruptcy law, and enterprise will hike prices when responding to changes in its product price; 79 percent held that they will strive to cut the cost so as to maintain a stable price; and 7 percent held that the situation will remain the same.

18. 86 percent held that following implementation of the bankruptcy law, an enterprises will consciously cut its consumption expenditure and increase its investment in technological transformation and equipment; 3 percent held that this will not happen; and 11 percent held that the result is difficult to predict.

19. 90 percent held that the bankruptcy system will promote enterprises to strive to expedite capital circulation and will consciously utilize bank loans in an economical way; 1 percent held that this will not take place; and 9 percent held that it is hard to predict.

20. 93 percent held that following implementation of the bankruptcy system, enterprises will further expand and safeguard the decision-making power concerning their operations and will resist irrational administrative interference; 2 percent held that this will not happen; and 5 percent held that it is difficult to predict.

The people being asked generally held a positive attitude, as 84 percent of them agreed on promulgating the bankruptcy law as soon as possible. Some 85 percent held that China's economic situation has improved over the past 5 years. This shows that they agreed on promulgating the bankruptcy law by basing on the ideological foundation which they established through recent years' practice of economic reforms.

At the same time, we must also acknowledge the role that propaganda and explanation work played before our investigation. Under the circumstances of not clearly understanding the situation, many people mistook the bankruptcy law as a capitalist thing. After the introduction to the basic knowledge of the bankruptcy law, however, 89 percent of them understood that the bankruptcy system is a necessary condition for the commodity economy, or understood that the system should also exist in the socialist society. Based on this foundation, people therefore accepted such sensitive issues as this. Though the number of cadres asked was greater thought that cadres of bankrupted enterprises should be regarded as unemployed. This fact differs greatly from the result envisaged by some people at a recent forum, at which they complained that whether or not we propagated the draft law, the result would be the same. Therefore, there are reasons that we must continue to do well in our propaganda work that is based on persuasive facts. We must dispel people's various worries and make them become determined and bold in carrying out the enterprise bankruptcy law.

In a certain sense, our propaganda work on the present economic structural reform plays an important part in promoting a successful reform. Some comrades said that the issue concerning the bankruptcy law was so complicated that it could easily make people become confused, and therefore should not be publicized too early. In think that the easier an issue make people become confused, the sooner we propagate and discuss it so that the people and public opinion are well prepared. Only thus can we heighten the understanding of the cadres and masses, can they realize the long-term benefits brought by reforms, and can reforms become a conscious move of everyone.

Need for System Stressed

HK230451 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1025 GMT 21 Jun 86

[Text] Beijing, 21 Jun (ZHONGGUO TONGXUN SHE) -- Whether China should set up an enterprise bankruptcy system has become a controversy in economic circles here. JINGJI CANKAO carried a signed article today in its "Discussion and Deliberation" column which held that the establishment of an enterprise bankruptcy system is the objective demand of a transformation from a highly centralized product economy to a planned commodity economy and also the inevitable trend of the deepgoing development of the reform of the economic structure. It is bound to bring about profound changes in China's economic life.

The article said that extending the decision-making power of enterprises is an important step taken in the reform of China's economic structure. However, practice over the years has proved that extending the decision-making power of enterprises alone cannot ensure the rationalization of enterprise behavior. While restrictions on enterprises are lifted, they are still being protected; and while power is delegated to enterprises, they do not have to undertake any risk. As a result, certain enterprises abuse their power and deviate from the target of reform. The excessive increase in consumption funds and the too-large scale of investment in fixed assets during the period of reform are more or less related to this issue. Only by setting up an enterprise bankruptcy system can we combine power with responsibility and perfect the enterprise behavior mechanism.

The article said that benefits and risks are the source of enterprise motivation and the necessary conditions for invigorating enterprises. The enterprise behavior mechanism can be perfected only by giving full play to the role of benefits and risks. The establishment of a bankruptcy system is an indispensable condition for perfecting the system of motivation of enterprises. It is also a necessary form for combining benefits with risks.

The article pointed out that the economic means adopted to exercise macrocontrol and the economic levers applied to readjust economic operation are the external factors for rationalizing enterprise behavior, while the establishment of a bankruptcy system is the internal factor that conditions enterprise behavior and enhances self-restraint by enterprises. Only by combining external with internal conditions can we ensure rationalization of enterprise behavior and resolve the recent problems concerning the demand and supply in consumption and enterprise investment.

It has been reported that the enterprise bankruptcy law (draft) has been submitted to the 16th Plenary Session of the 6th NPC Standing Committee, which is now being held in Beijing, for examination.

RENMIN RIBAO ON PAY COMMENSURATE WITH POSITION

HK201222 Beijing RENMIN RIBAO in Chinese 17 Jun 86 p 1

[Commentator's article: "Treatment Should Be Commensurate With Jobs"]

[Text] Since institutional reform was initiated, a large number of young cadres, imbued with vitality, have taken up leading posts at all levels. They have been getting more and more politically mature and their revolutionary spirit and achievements have been acclaimed by the party and the masses.

Meanwhile, there have been in fact a small number of comrades who have proved incompetent for their present posts after several years' work and thus have to be removed in accordance with the principle that cadres can be promoted and be demoted as well. Should then the remuneration level these cadres currently enjoy be adjusted accordingly if they are demoted? The answer is affirmative. A person assuming a post of a certain grade should enjoy the remuneration corresponding to that grade and receive the pay corresponding to that position; this is a reform of the cadre system and the very key to further breaking down the system of life tenure for leading positions.

The remuneration for leading cadres at different levels should only vary with their duties, contributions, and the conditions of their work. This should be made a basic principle to be followed in the administration over cadres. In view of the actual circumstances in our party and country, we agreed to grant the original pay and benefits to those retired cadres who had made contributions to the founding of the PRC and those old comrades who had voluntarily offered their posts to outstanding young successors, when we began to take action to abolish the system of life tenure for leading posts. This is a correct and reasonable measure which has been supported by most cadres and the masses. However, the old notion that cadres cannot be demoted but only promoted and that one's remuneration must not be lowered even if one is transferred to a new post must be discarded, and this old method which is obviously no longer in keeping with the needs of the reform should of course be given up in appointing new cadres.

The life tenure regarding the positions and remuneration for leading cadres is a feudal and decadent concept which goes against the lofty ideal of communists who devote themselves to service to the people and do their utmost to make contributions without giving any thought to personal gains or losses. It also goes counter to the socialist principle of distribution according to work. Now that we have already been practicing the wage structure with the basic salary as its leading factor, it is necessary to fix a new rule to be observed by all the cadres currently holding posts in party and government organs and their subordinate service units throughout the country, namely, one who undertakes a certain post should be rewarded with the basic salary and benefits commensurate to that post, and one's remuneration should be changed as soon as one is transferred to a new post. To bring this rule into effect, we are likely to encounter some difficulties at the very beginning. However, we should fully anticipate people's reaction to this reform, and should not hesitate and thus let slip a golden opportunity when the situation requires us to enforce the reform boldly and resolutely. In fact, some localities and departments have made effective and valuable attempts in this field. It appears that although there is a gap between the tentative idea and the practice of some comrades, most comrades have already realized that in order to promote and demote leading cadres according to actual needs, it is necessary to adhere to the principle of remuneration commensurate to the job and to take a bold step in the reform. Even though this step may have relatively extensive influence, we must still depend on those comrades who are brave enough to play an exemplary role in the reform, inspire with their help those comrades who have not yet come round to the idea of the reform to keep up with the situation, and thus push the reform of the cadre system ahead. Otherwise, we will hardly be able to make any new progress in abolishing the system of life tenure for leading positions and in implementing the principle that cadres can be promoted and demoted as well.

For some cadres, although the change in their positions has been effected according to normal procedure, they may still have doubts about the move or even nurse grievances. Our party organizations at all levels should do meticulous ideological and political work to cope with this case, helping these cadres to dismiss their doubts, to adopt the new notion that cadres can be promoted and be demoted as well, to correctly handle the contradiction between personal interests on the one hand and the interests of the party and the state on the other, to happily accept the arrangements made by their organizations to submit themselves to the needs of the people's cause, and to do a good job in their new positions.

The key to the implementation of the principle of remuneration commensurate to position lies in the determination of the leadership at all levels. The leading comrades of some units and departments are only willing to promote their subordinates and to raise the latter's pay but hesitate to demote those incompetent cadres when necessary. In some cases, cadres are simply transferred to other units to take up new posts with equal grades -- these leading cadres who have done a lousy job in their units may be transferred to other units to assume new leading positions. In other cases, cadres retain their leading positions in the original units despite poor performance, or have their remuneration remain unchanged although they may have been demoted. These practices show that those people in charge have spared the feelings of their subordinates at the expense of principle, or have been biased by their personal feelings in appointing cadres. Neither case consists with our party's principle governing the employment of cadres and both tendencies must be resolutely overcome. Of course, we must be very careful in assessing a cadre's performance at this present post and in adjusting the positions of those incompetent cadres. We can never take rash action without considering the actual situation. Those cadres who have been proved to be truly incompetent in their present posts should still be appointed to other appropriate posts in light of their personal situation those who are specialized in certain fields but have been proved unsuitable for leadership and administration after having assumed leading posts for a time should be transferred to other posts that will bring their strong points into play. Those who are not qualified and do not have the potential to assume overall leadership should be demoted to less important positions. Those whose moral integrity and ability do not qualify them for their present positions should be demoted to other positions that fit their moral integrity and ability. And those who have shown unhealthy thinking and work style, sought ease and comfort, and failed to properly perform their duties should be removed from their present positions and be employed otherwise. We must be aware that it is a reform to implement the principle of remuneration commensurate to position and to seek unity of remuneration and position. This reform, closely relating to our policy, calls for thorough consideration and overall study. We must adhere to principle on the one hand and, on the other, make specific analyses. Here the point that needs to be emphasized is, in the course of readjusting cadres' positions and remuneration, we definitely must bravely uphold the criteria on appointment of cadres for the new period laid down by the party, adhere to the principle of "four transformations" for cadres, act in accordance with the principle of party spirit, give full play to the fine tradition of fair play and righteousness, and withhold from giving some people preferential treatment which will instigate them to seek personal fame and gain. The system under which cadres can be promoted and demoted as well and their remuneration is commensurate to their positions surely must be established. All our comrades who are determined to carry on the reform must pluck up their courage to remove all obstacles, to do away with the old conventions, and to set up the new system.

FURTHER ON NATIONAL SOCIOECONOMIC SYMPOSIUM

HK180820 Beijing JINGJIXUE ZHOUBAO in Chinese 8 Jun 86 p 1

[Report by Shen Peijun: "The 33d Symposium on the Strategy for China's Economic and Social Development Held in Beijing"]

[Text] The 33d symposium on China's socioeconomic development strategy was held in Beijing on 26 May. The symposium was jointly sponsored by the State Commission for Structural Reforms and the National Federation of Economic Organizations. The subject of the symposium was "the issue of the Socialist Fund market."

Developing a Socialist Fund Market in China Is an Inevitable Economic Tendency

Since the state strengthened macroeconomic control and tightened the monetary policy in 1985, production development has been affected by the shortage of funds, and all parties concerned have begun to pay attention to the issue of funds. Comrades who attended the symposium generally held: The key to overcoming the shortage of funds lies in the introduction of market mechanisms, which will help reasonably redistribute funds and facilitate the movement of funds. A socialist commodity economy must be developed on the basis of a sound market system. In present economic construction, on the one hand many enterprises are short of working funds, on the other hand there are large amounts of idle funds in society. Therefore, promoting the reform of the monetary system, establishing a fund market, and substituting the means of direct control over monetary affairs with the means of indirect control have become an inevitable tendency in China's economic development.

Some Questions That Must Be Solved in the Course of Creating Conditions for the Establishment of a Socialist Fund Market

Most comrades at the symposium held that it will take a fairly long time to form a sound fund market in our country. In the course of forming this market, some questions must be properly solved:

1. The specialized banks should be turned into real enterprises. The banks should have full decision-making power in handling their own business and should function as independent economic entities which have self-development ability. In the present banking system, the specialized banks are managed as state institutions. This has seriously hindered their development, and this system must be reformed.

2. The control over the overall monetary situation should be turned into an indirect pattern. The pattern of using administrative means to control money supply and currency circulation should be gradually changed, and such economic means as interest rates, discount rates, and deposit reserves should be used more and more to flexibly and effectively regulate the overall monetary situation. Interest rates should reflect the relationship between money supply and demand and act as the "price for money." At present, as funds are generally in short supply, we should raise the interest rates so as to regulate the relationship between money supply and demand. Legal measures should be taken to ensure that the Central Bank can have the power to independently control the supply of money, and unnecessary administrative intervention should be avoided.

3. The banking and financial institutions should be diversified. A necessary condition for the forming of a fund market is competition. The present situation in which several specialized banks respectively monopolize the business of supplying funds in different trades is obviously unfavorable to the development of the commodity economy. We should allow other non-bank financial institutions to develop too, and should promote the competition between the banking and financial institutions. We should also allow collectives and individuals to take part in monetary transactions.

4. The means of financing should also be diversified. We should actively develop both direct and indirect credit. The vertical distribution of funds should be gradually replaced with the horizontal movement of funds. At present, we may first develop an interbank market and a market for negotiating bills so as to meet the short-term financial needs. When conditions are ripe, we may go ahead to develop a capital market which can help solve the issue of long-term financial demands.

The Characteristics of the Socialist Fund Market in China

Some experts held that the fund market in our country should have four characteristics: 1) it should function as a means of fulfilling the credit plan; 2) it should serve the purpose of developing the national economy; 3) the state bank should act as the regulator of this fund market and 4) it should have relations with the international money markets and should at the same time maintain its independence.

YU QIULI, ZHANG JINGFU AT RONG FAMILY BANQUET

OW192042 Shanghai City Service in Mandarin 0000 GMT 19 Jun 86

[Special dispatch from Beijing by station reporter (Wang Dahu)]

[Excerpts] Rong Yiren, vice chairman of the NPC Standing Committee and chairman of the Board of Directors of the China International Trust and Investment Corporation, and his wife (Yang Jianqing) gave a family banquet at the Beijing Hotel on 18 June to welcome the members of the Rong family who have returned to China from abroad for a visit. Central leading Comrades Wang Zhen, Yu Qiuli, and Zhang Jingfu attended the banquet on invitation. Comrade Wang Zhen proposed a toast during the banquet. Yan Mingfu, director of the United Front Work Department of the CPC Central Committee, also spoke at the banquet.

SICHUAN OFFICIAL STRESSES PRACTICING OPEN POLICY

HK230617 Chengdu SICHUAN RIBAO in Chinese 3 Jun 86 p 2

[Article by Xu Shiqun, member of Standing Committee of Sichuan Provincial CPC Committee and director of provincial foreign affairs office: "Practicing the Open Policy and Invigorating Sichuan's Economy"]

[Text] Opening up to the outside world is a modern historical trend and is the only way to build a modern country. Marx and Englels pointed out in the "Manifesto of the Communist Party" that with the development of modern industry, "the old local and national seclusion and self-sufficiency have been replaced by intercourse in every direction and by universal interdependence of nations." More than 100 years after they made this remark, their scientific viewpoint has been further proved to be true by practice.

I

Our country has drawn a profound lesson from its past experience on the issue of opening up. In ancient times, the "silk road" was well known to the whole world; and Zheng He's overseas missions also brought a good reputation to China. After the 15th century, the feudal rulers of China blindly exlcuded foreign things and pursued a policy of national seclusion. This finally resulted in reducing our country to a semicolonial and semifeudal society. For more than 100 years, from the 19th to the 20th centuries, China sufferd untold national disasters and humiliation. During the 10 year "Cultural Revolution," which was, in fact, a catastrophe, the "gang of four" denounced the policy of opening up to the outside world as "national betrayal" and "slavish comprador philosophy" and pursued the national seclusion policy to the extreme. As a result, our national economy was brought to the brink of collapse.

At the 3d Plenary Session of the 11th CPC Central Committee, our party central leadership profoundly summed up this painful historical experience and decided to carry out the policy of opening up. The "Decision of the CPC Central Committe on Reform of the Economic Structure" pointed out: It is necesary to "actively expand foreign economic cooperation and technological exchange on the basis of independence, self-reliance, equality, mutual benefit, and mutual good faith"; and "we must take the policy of opening up to the outside world as our long-term, basic national policy."

Under the guidance of this major strategic policy, our country has adopted a series of measures in recent years to develop foreign economic relations. This has not only enabled us to obtain funds that we badly need in our construction, but has also brought in advanced technology and management expertise from abroad, thus promoting our modernization process and expanding our exchanges with various countries in the world and our influence in the world.

Since the 3d Plenary Session of the 11th CPC Central Committee, our province has been firmly carrying out the party's policy of opening up to the outside world. We have actively developed foreign economic relations through various channels and have achieved marked results. So far, the whole province has made use of a total of $170 million of foreign funds (according to the contracts which have been implemented), and has set up 22 Chinese-foreign joint ventures (six of them having begun to do business).

By making use of our technological advantages and in the forms of setting up joint ventures or exporting labor services, our provicne has run 28 enterprises in foreign countries and overseas regions and signed 152 contracts with more than 30 countries to undertake construction and to offer labor services. The total value of these contracts has reached some $156 million.

By the end of last year, this province had established economic cooperation and trade relations with more than 180 countries and regions in the world. The total annual volume of exports reached $244 million, and the total volume of imports amounted to some $109 million. This province has also established friendship relations with 13 cities, states, and prefectures in 7 countries, namely, the United States, Japan, France, Austria, Korea, Yugoslavia, and Canada, and carried out economic, technological, and cultural exchanges and cooperation with them. This forms an important channel for this province to pursue the open policy.

In addition, the international tourist industry in this province has also developed rapidly. Last year, more than 100,000 foreigners and Overseas Chinese came to Sichuan to tour or to visit relatives. This enabled the province to earn foreign exchange income of more than 35 million yuan. The number of foreign poeple coming to Sichuan for the purposes of doing business, giving lectures, and making inspections and visits increased by an average of 1,000 people a year. More and more foreign government heads, party leaders, and celebrities in all circles have visited Sichuan. In this province, the world of foreign affairs has expanded from a small number of large cities, such as Chengdu and Chongqing, to all cities, prefectures, and some counties. The handling of foreign affairs has become an important part of this province's work.

II

In the course of opeining up to the outside world, this province has sent more than 2,100 groups, totalling more than 11,000 people, to visit foreign countries in accordance with the needs of our socialist modernization and reform. This has played an important role in developing this province's economy and technology and in promoting reform.

However, we lacked experience and did not manage things in this regard strictly; many organs were authorized to approve plans for overseas visits and localities and departments approved the going abroad of too many groups and personnel, while we did not effectively exert necessary overall control and coordination. As a result, there was some confusion and unhealthy tendencies in this field.

The problems pointed out by the central authorities, such as sending duplicate inspection groups, allowing people to go abroad many times, using power to vie for opportunities for making foreign trips, allowing too many groups and people to go abroad, allowing too many nonprofessional people to go abroad, allowing people to stay abroad for too long a time, and some people demeaning personal and national dignity, all existed to differing extents in our province.

Although these problems did not represent the mainstream of things, we must not underestimate their harmful influence. They not only disrupted the implementation of the open policy and affected the reputation of the party and the state, but also corrupted the minds of some cadres and aroused the resentment of the masses,thus affecting our modernization process. After the party central ledership and the State Council issued the circular on checking the sending of groups and personnel to visit foreign countries in a reckless way, the provincial foreign affairs department seriously examined the work of sending people abroad in this province and summed up the experience in the previous stage.

In accordance with the relevant central instructions, the provincial CPC Committee set up a foreign affairs leading group to exercise unified leadership over the province's foreign affairs work and to approve the plans for sending groups and personnel abroad. In accordance with the actual situation in our province, we formulated the "Detailed Regulations on Approving Plans for Sending Personnel Abroad and Inviting Foreign People." The regulations have been carried out by all localities and departments in Sichuan Province to strictly control the number and quality of groups and people being sent abroad.

At the same time, we have also strengthened the political and ideological work among people given approval to make foreign trips. We have conducted education on patriotism and internationalism among them and required them to consciously protect the good reputation and dignity of the motherland. After they returned home, we examined the fulfillment of their tasks during the foreign trips. At present, the situation in sending groups and personnel abroad in our province has markedly improved. This has played an important role in straightening out party style and in correctly implementing the party's open policy.

Some comrades may ask: Since opening up to the outside world is our long-term basic national policy, why do we still have to control the number of groups and people being sent abroad? As we all know, the purpose of our open policy is to expand our overseas economic and technological exchanges and cooperation and to learn from advanced foreign technologies and management methods to promote our own construction. This is also the purpose of sending a large number of people to make foreign inspections. However, a small number of people with no knowledge of technology and who have no professional knowledge also vie with each other in seeking opportunities to go abroad. Therefore, we should strictly oversee the qualifications of the personnel who are sent abroad. This is also the demand of the masses. Moreover, the number of people being sent abroad does not reflect the implementation of the policy of opening up. It is certainly good to send more people who can play a positive role to visit foreign countries, but we prevent those who merely try to seek selfish gains in going abroad in the name of making inspections from going. This will better ensure the implementation of the open policy.

III

Recently, Comrade Jiang Minkuan pointed out in his Government Work Report to the provincial People's Congress: "During the period of the Seventh 5-Year Plan, we must further open the door of this province, and must make efforts to expand foreign trade, increase the export of labor services, and develop the tourist industry to earn more foreign exchange and to raise our foreign economic activities, technological exchanges, and trade to a new level." This is the blueprint for opening up in this province during the Seventh 5-Year Plan, and is also a new objective for our efforts.

Sichuan is a big province with a population of 100 million people and encompasses a large area. The climate in this province is congenial, and the province is rich in all sorts of products. The production of grain, oil-bearing crops, silkworm cocoons, and live pigs, rank first in the country. This province also abounds in mineral resources. More than 130 kinds of mineral resources have been discovered, and of the more than 70 kinds for which reserves have been proved, 20 rank first in the country. Through construction in the past 30 years and more, this province has built up an integrated industrial system which includes a variety of trades and industrial departments.

The fixed assets of industrial enterprises in this province total more than 40 billion yuan, ranking second in the country. In this province, there are more than 400 large and medium-sized enterprises which have substantial production capacity and sophisticated technologies and which can produce a wide range of products, as well as tens of thousands of small enterprises.

The metallurgical, machine-building, electronics, chemical, and military industries in Sichuan hold an important position in the country. Railroad, highway, water, and air transportation have also developed rapidly, and there is a well-established transport network in this province leading to all parts of the country. In addition, this province has many favorable conditions for developing tourism. These all constitute advantages of this province in carrying out the open policy and in advancing the modernization process.

In recent years, as we are seriously carrying out the policy of "opening up to the outside world and enlivening the domestic economy," our province has scored remarkable achievements in developing industrial and agricultural production and in developing and utilizing natural resources. However, we should notice that our province is located in the interior, so we are not as conveniently situated as the coastal provinces in getting information and carrying out foreign activities.

In addition, we began opening up to the outside world later than the coastal areas and our foundation for foreign economic activities is still rather weak. Our work of making use of foreign funds, importing advanced technologies, and developing foreign economic cooperation remains at the beginning stage. The potential for export in our province is far from being tapped, because we have developed and utilized merely a small part of our rich natural resources. Most industries in our province remain at the technological level of the fifties. This situation has restricted, to a considerable degree, the speed of construction and technological development in this province, and is a problem that must be solved quickly in our socialist modernization efforts. Of course, our construction should mainly rely on our own efforts and our own resources.

Developing foreign economic and technological cooperation and expanding foreign trade, and making use of foreign funds, advanced technologies, and management skills for our own purposes will strengthen our province's capacity for self-reliance and will speed up our province's economic and technological development. So it is a matter of great significance.

In the future, after our economy and technology have greatly developed, we will still need to continue to renew our equipment and technology and to exchange what we have for what we do not have with foreign countries. So opening up will continue to be a major policy that we must carry out.

At present, our province's situation in opening up is very good. Our work in industry, agriculture, science, technology, education, and culture is developing smoothly and rapidly. By further carrying out the policy of reform, opening up, and enlivening the economy, the economy of our province will certainly develop more remarkably.

SICHUAN FORUM STRESSES ACADEMIC FREEDOM, DEMOCRACY

HK090211 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 8 Jun 86

[Text] According to SICHUAN RIBAO, the Propaganda Department of the provincial CPC Committee recently invited a number of comrades in theoretical circles to a forum.

The participants reviewed the experiences and lessons in practicing the double hundred principle over the past 30 years and discussed how to create a political environment of unity, concord, trust, and understanding, to enliven the province's theoretical studies and better serve the building of the two civilizations.

The participants unanimously held that to truly implement the double hundred principle, it is essential to uphold academic freedom and democracy. They also proposed views on how to currently implement the double hundred principle.

SICHUAN TRAINS YOUNG PEOPLE FOR 'SPARKING PLAN'

OW180732 Beijing XINHUA in English 0602 GMT 18 Jun 86

[Text] Chengdu, June 18 (XINHUA) -- Sichuan, one of the leading grain producing provinces, plans to help 200,000 youths and cadres at the grass-roots level to master one or two quick money-making skills.

As the first step, a group of farmers and cadres of rural enterprises are attending a training course in economic management and technical transformation in this capital of Sichuan, China's most populous province. These people will play a leading role in spreading science and technology in the countryside, a provincial official said.

This is part of China's effort to train one million young people, which is included in the country's "sparking plan", aimed at developing practical technology to spur China's rural economy. The "sparking plan", created by the State Science and Technology Commission, covers 24 major fields including the development of mountainous areas, aquatic production, livestock farming, and processing of farming and sideline products.

Sichuan also plans to develop 12 businesses suitable for rural areas, including the raising of lean pigs, poultry and aquatic products, the growing of oranges and rapeseed, and the production of soft drinks, leather, silk, and construction materials.

The province will establish in the next five years 200 demonstration enterprises, setting examples for mid-sized and small enterprises of incorporating natural resources, industry and commerce, said an official from the provincial science and technology commission.

Also included in the plan is the development of two areas in the northeast and southwest that are rich in natural resources but underdeveloped. "We hope the development of the two areas will show the importance of science and technology in building up prosperity," the official said.

To carry out the "sparking plan", the universities in Sichuan have done scientific research and will popularize their findings in the countryside. This year, the provincial government will invest 35 percent more for science and technology than last year.

LIAOWANG EXPLAINS TAIWAN FEARS ON UNITED FRONT 'SCHEMES'

HK220229 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 24, 16 Jun 86 p 22

[Article by Zeng Wei: "A Simple and Plain Review of the Taiwan Authorities' 'Stereotypical Theories About United Front'"]

[Text] The KMT authorities in Taiwan have always referred to the CPC policy regarding the peaceful reunification of the country and its proposals for talks betweens the two parties as equals and for alleviating the tension between the two sides as "united front schemes" or "united front traps."

These "stereotypical theories about the united front" appear in various forms and various disguises in Taiwan. For example, the "letter to Taiwan compatriots" written by the NPC Standing Committee in 1979, Chairman Ye Jianying's "9-point proposal," Chairman Deng Xiaoping's 6-point proposal, and the idea of "one country, two systems" are all referred to as "political united front policy." The mainland's call for"contacts in three areas" prior to peaceful reunification is regarded by the Taiwan authorities as "psychological warfare." The mainland government's policy regarding religious freedom is referred to by the Taiwan authorities as "a religious united front." Not long ago, the Taiwan authorities introduced another new step by calling for vigilance against the mainland's "trade united front policy."

Actually, "contacts in three areas" between the two sides are reasonable and supported by the people. Although the Taiwan authorities sternly forbid these contacts and intimidate people through recourse to the "united front" panic, they have failed to achieve the results they desire. Many Taiwan compatriots have managed to use various opportunities to visit their relatives and friends in the mainland and the number of Taiwan compatriots who want to visit their relatives and friends on the mainland is increasing. Concerning those Taiwan compatriots who return to the mainland to visit their relatives and friends or who only make sight-seeing trips to the mainland, the mainland government's policy is that they are free to come and leave.

Some Taiwan compatriots have settled on the mainland. They have done so not because they have fallen victims to the mainland's "united front schemes" and "united front traps." They have done so either becuase they want to have a look at the mainland and improve their understanding of it or because they miss their hometowns and relatives so much that they want to return to where they belong. Not long ago, Mr Huang Shun-hsing [7806 7311 5281], an ex-councillor of Taiwan's "Legislative Yuan," returned from Taiwan to settle on the mainland. According to his daughter Huang Ni-na [7806 1200 1226], Huang "has, for a long time, not participated in any political activities." Taiwan's PA-SHIH NIEN-TAI [THE EIGHTIES] weekly once said: "One cannot say that whoever visits the mainland has fallen a victims to united front schemes."

The "theory of trade united front" introduced by the Taiwan authorities is also sheer fabrication. According to this theory, China's foreign trade is nothing other than the export of political poison and, as far as Taiwan is concerned, it is a means by which united front policy is implemented. People in Taiwan do not accept this theory. According to a research report recently published in CHING-CHI CHI-KAN [ECONOMIC QUARTERLY], which is the mouthpiece of an official research institute named the "China Economic Research Institute," the present indirect trade between the mainland and Taiwan basically involves no political motives.

"For example, mainland purchases from Taiwan in 1984 were obviously of a commercial nature. The main purpose of buying goods from Taiwan, or from Hong Kong and Japan, was to meet the growing needs resulting from its pursuit of an opening up policy." Many businessmen and indusrialists in Taiwan call for trade with the mainland, hoping that they can buy cheap raw materials from the latter. Some manufacturers in those "declining industries" even place much hope on the mainland market. Paying no heed to the Taiwan authorities' warnings and seeing that there is no need to be on guard against "united front traps," they strongly urge the Taiwan authorities to lift restrictions and to conduct trade with the mainland.

Without mincing words, an article in Taiwan's ZHAN-WANG [LOOKING INTO THE FUTURE] monthly says: "Today, we should properly study the issue of our entrepot and direct trade with the mainland. We can profitably use their cotton and coal. Why can we not earn the mainland's money." People involved in economic activities in Taiwan realize that trade between the two shores of the strait is important and extremely beneficial to Taiwan. there is a plentiful supply of cheap raw materials on the mainland. Since the mainland is conveniently located, transportation cost is low. In addition, the mainland market is a factor that cannot be overlooked in Taiwan's economic development and its importance to Taiwan's trade is steadily increasing. People with breadth of vision can see that the trade between the two shores of the strait is more important to Taiwan's economic development. This is why despite the restrictions imposed by the Taiwan authorities and despite their "trade united front theory," the trade between the two shores is rapidly expanding.

Obviously, the Taiwan authorities' "united front theories" are inconsistent with the facts. But why do they not discard these theories? Perhaps they will have "fears."

TAIWAN ATTEMPTS TO DEVELOP TRADE WITH WESTERN EUROPE

HK240223 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 21 Jun 86 p 5

[Article by reporter Xu Wei: "Taiwan and Western Europe on 'Trade Honeymoon'"]

[Text] In order to extricate itself from the predicament of being under the control of others, Taiwan, which suffered from the trade barrier erected by the United States, is now trying with great care to open its trade gate to Western Europe. On 11 June this year, a Taiwan economic and trade official excitedly announced an "achievement": The volume of trade between Taiwan and Western Europe from January to April this year increased remarkably by 42 percent over the corresponding period of 1985.

In the past, Taiwan's economic and trade authorities regarded the United States as the "most reliable trade partner." But before long this "partner" could not bear the huge trade deficits, so it erected a merciless trade barrier to the steady flow of Taiwan products. Owing to its dependence on the United States which resulted from fearfulness, Taiwan had to "restrain itself" and try to open an overseas market other than with the United States.

When Taiwan discovered that the volume of its trade with the EEC, which could match its economic strength with the United States, was less than one-fifth of its trade with the United States, it presumed that a shortcut was found to extricate itself from the foreign trade predicament. Since the beginning of this year, Taiwan's economic and trade authorities repreatedly urged the entrepreneurs on the island to increase their exports to Western Europe. Furthermore, the "Foreign trade Association" regarded 1986 as the "year of action in developing trade with Europe."

In order to alleviate the saturated market competition and reduce unemployment, the West European countries intended to promote the sale of their goods to Taiwan. In order to enjoy the use of good and cheap consumer goods, they also wanted to import goods from Taiwan. Conversely, Taiwan attempted to import advanced science and technology and precision equipment from Western Europe to update its industrial structure. On the basis of mutual benefit, trade between Taiwan and Western Europe developed extraordinarily within a short period.

Some people on the island said that Taiwan and Western Europe are now on a "trade honeymoon." However, trade frictions cast shadows on the "honeymoon." Some people in Western Europe's commercial circles blamed Taiwan for giving too much preferential treatment to the United States. Large purchases made by Taiwan are actually U.S. products decided secretly by the authorities. Enterprises from Europe do not even have the opportunity to enter the bid. For this reason, some people warned that if such unfair trade continues, development of trade between the two sides will be adversely affected.

The discontent of Western Europe is actually the sore point of Taiwan authorities. After all, Taiwan cannot extricate itself from the U.S. market. In addition, it needs political and military "shelter" from the United State. After reaping profits, Taiwan cannot but let the United States have a share. Now that the Europeans demand "equal opportunities," it is a stern challenge to Taiwan's economic and trade strategy, which leans on the United States.

Perhaps Taiwan can adopt a relatively balanced economic policy to reduce its trade frictions with Western Europe. However, Taiwan's suffering from tariff barriers, due to lack of "international dignity," is a predicament from which Taiwan cannot extricate itself. As Taiwan does not have diplomatic relations with Western European countries, it cannot sign agreements based on equality and mutual benefit. Taiwan's exports to Europe cannot enjoy the treatment of the Generalized System of Preferences. Moreover, Taiwan also cannot conclude other economic, trade, or technological agreements. It is extremely difficult for Taiwan to compete with others, because in tariffs alone there is a difference of 10 percent.

An official of Taiwan's "Society for Promoting Sino-European Trade" said with a sigh: "International law originated in Europe. All contacts between countries are carried out according to law. Without diplomatic relations, we have to suffer from being inferior to others in our exports to Europe." Indeed, these remarks voice the painful feelings of large numbers of entrepreneurs on the island.

EDITORIAL CRITICIZES PRC ARMS SUPPLY TO THIRD WORLD

OW230621 Taipei CHINA POST in English 18 Jun 86 p 4

[Editorial: "Peking's Arms Sales to Third World"]

[Text] While Peking is attempting to get modern and sophisticated arms and weapons from the United States and other Western nations on the pretext of countering the Soviet threat, it has been engaged in supplying Third World nations with lethal arms and weapons indiscriminately to stir up trouble around the world.

U.S. Senator Barry Goldwater, Republican of Arizona and chairman of the Senate Armed Services Committee, inserted a statement to that effect in the Congressional Record stating that Red China is selling arms on the international arms market "without regard to who buys the arms of what damage is done to peace and stability in areas of vital importance to the United States."

Goldwater noted that the confirmation of these disruptive arms dealings by Communist China appeared this month in the authoritative annual military study published by the International Institute of Strategic Studies in London. According to its study, the Peking regime has sold U.S. $1.6 billion worth of arms to the radical government of Iran alone. On the other hand, Peking has also sold weapons to Iraq, thus Peking has become a weapon monger in the Iran-Iraq war.

Senator Goldwater revealed at the same time that Peking is also supplying arms to Marxist regimes in Africa as well as stiring up an arms race in South America. He declared that "Red China is selling arms to one of our worst enemies and kindling arms races in places where the powder keg is already smoldering....Communist China is manipulating the misfortunes of others at the risk of creating greater international disturbances."

Needless to say that Peking's provocative behavior is in line around the world so that communism may triumph and rule the world. Teng Hsiao-ping is following the Mao tactics to the letter without deviation.

Although Senator Goldwater suggested for the U.S. Government to "insist that Peking stop supplying arms to terrorist nations and adversaries of the United States before we allow the sale or transfer of any American arms for Red China to go forward," it is doubtful whether his suggestions would be heeded. The U.S. Congress has so far failed to reject the Reagan administration's proposal to sell Peking U.S. $550 million worth of avionics and spare parts, and it is too much to expect that the Reagan administration will reverse itself in this regard in the future.

The Reagan administration should realize that the Peking regime is not a genuine partner for peace but a genuine warmonger which has been amply proven by the latest revelation of Senator Goldwater. It should change its Peking appeasement police before it is too late.

EDITORIAL URGES U.S. TO REVERSE ARMS SALES DENIAL

OW230631 Taipei CHINA POST in English 21 Jun 86 p 4

[Editorial: "U.S. Arms Sales to ROC"]

[Text] Senator Phil Gramm's urging Thursday for the U.S. Government to allow the Republic of China [ROC] to purchase F-20 jet fighters represents another reflection of U.S. Congressional demands in this respect.

The Republican senator from Texas told a forum Thursday sponsored by the American Defense Foundation that the Republic of China must be sold U.S. arms it requires for its defense. He said that allowing the ROC to purchase the F-20 fighters it seeks is "the perfect solution," because the plan was developed without U.S. Government research funds and Northrop Aviation should be allowed to sell it to "anyone they want to."

Gramm also referred to the sales of U.S. $550 million in avionics equipment to Peking and said although the transfaction "by and large will not menace Taiwan, it must be monitored closely."

Senator Gramm's remarks are in line with Senator Barry Goldwater's viewing urging last January in Taipei the sale of F-20 fighters for the ROC Air Force to upgrade its defense capabilities in accordance with the Taiwan Relations Act.

Yet the Reagan administration remains unmoved by the repeated appeals by many senators and congressmen as well as many scholars while it continues to appease the Peking regime with arms sales and other measures detrimental to the interests of the Republic of China. In this way, the United States is betraying its objective of anti-communism and its long-lasting friend, the Republic of China.

COMMENTARY SPECULATES ON FATE OF PRC NATIONALS IN ROK

OW220041 Taipei International Service in English 0200 GMT 21 Jun 86

[Station commentary: "Another Bid for Freedom"]

[Text] Nineteen Chinese on a small wooden boat reached Korean waters Tuesday [17 June], 30 hours after they sailed from Shantung. Reports from Seoul about the 19 are not in agreement, because the Korean Government has kept an official silence about the details. The one thing certain is that they did not drift into Korean waters. All indications point to the obvious, that is, they are freedom-seekers.

The ASSOCIATED PRESS quoted a Korean official as saying that they fled Mainland China to seek political asylum in the Republic of China on Taiwan. Earlier reports indicated that the new arrivals were from the south China province of Kwangtung. Another report said that they were from the Kwangsi Autonomous Region, which is also in south China. One report said the boat people left their hometown in two batches and converged on the coastal city of Chingtao before they pooled their money to purchase the 4.5-ton motorized junk for the voyage. The freedom-seekers were reportedly militamen. Others said they are civilians. They include three government officals, four peasants, two welders, two sheet metal workers, one cook, one printer, three merchants, and three drivers.

The composition of the group indicates that they are probably members of a militia unit. There could be no other motive for them to travel together so far away from home except for the purpose of seeking freedom outside. They had to act together because none of them could afford to buy the boat alone. It also made good sense that they should choose the Republic of China as their final destination with South Korea as the midway station. The mainland coast facing Taiwan is too closedly guarded and patrolled to be safe for them to sail directly for free China. The next question is: Will the Korean Government allow them to come to Taiwan? Under normal circumstances the question does not exist, as a civilized country always respects the free choice of political refugees. However, Seoul has been wooing Red China in hope of ending Peking's support for North Korea and of seeking Peking's cooperation for the upcoming Asian Games and the 1988 Summer Olympics.

In March last year the Korean Government turned over a Chinese Communist torpedo boat and its 13 crew members to Peking even though 2 of them had asked for political asylum. All the returned sailors were executed by the Communist authorities. Nonetheless, the Korean Government had followed international practice in handling a series of defections from Communist China by allowing the freedom-seekers to proceed to Taiwan as they requested. The last such case occurred earlier this year. In the present case, the Korean Maritime Police said the 19 defectors would be handled in accordance with Korean domestic law and international practice. That means the fate of the 19 defectors remain very uncertain. It much depends on the Korean interpretation of the incident. If the Korean authorities acknowledge the fact that the 19 Chinese are freedom-seekers, they would be no other course except sending them to Taiwan. The outcome could be quite different if the fact were twisted for political reasons.

EDITORIAL SUPPORTS U.S., UK STAND ON SOUTH AFRICA

OW230401 Taipei CNA in English 0317 GMT 23 Jun 86

[Text] Taipei, June 22 (CNA) -- The United States' and Britain's refusing to impose economic sanctions against South Africa for its recently instituted state of emergency indicate that South Africa's efforts to improve its racial policy have been recognized by the two major countries, a Taipei newspaper said over the weekend.

The extraodinary action taken by the government of South Africa to safeguard its national security in spite of foreign intervention, the CHINA DAILY NEWS said editorially, fully demonstrates the courage of a responsible government to do what has to be done.

Although international economic sanctions have not affected South Africa substantially, South Africa's racial segregation policy, apartheid, has made it vulnerable to unfair trials in the court of international public opinion, the editorial said.

U.S. President Ronald Reagan said he believes that South Africa is in a civil war which is not simply a situation of blacks confronting whites, and British Premier Margaret Thatcher holds a view like that of President Reagan, the editorial said.

The editorial also pointed out that the U.S. and Britain have understood South Africa's policy of apartheid. This attitude will no doubt help the U.S. and Britain normalize their relations with South Africa.

PLA EMPHASIZES SCIENTIFIC MANAGEMENT IN MILITARY TRAINING

HK230700 Hong Kong MING PAO in Chinese 21 Jun 86 p 5

["Special dispatch from Beijing": "All-Army Study of Military Training Advocates Strengthening Scientific Management"]

[Text] According to the All-Army Forum on Modern Management of Military Training, a pressing task in present day military training is to strengthen modern, scientific management and to improve training results in order to meet the needs resulting from the Army's structural reform.

The forum, which ended on 10 June, was held in Jinan by the General Staff Headquarters' Military Training Departments. It has been the first all-Army forum on the scientific management of training since the CPC assumed power. During the forum, thanks to the lectures delivered by various experts and researchers, the viewing of microcomputer software developed by the Jinan Military Region to administer training and its performance, the exchange of experience, and the discussions, the minds of the senior officers of the military training departments under various military regions, the Navy, the Air Force, the PLA Second Artillery, and various combined arms armies were broadened and enlightened.

According to those who attended the forum, in recent years, the whole Army has been paying attention to introducing modern management theories to training and has done much and achieved a lot in target-based management, the formulation of rules and regulations, the establishment of norms and standards; and the application of the computer and management has improved and developed. However, present management of military training still falls short of the requirements merited by the situation. At present, there is an urgent need to rationally exploit and make the best use of various training resources by various effective management methods in order to achieve various training objectives.

Those who attended the forum pointed out the need to pay special attention to four problems concerning modern, scientific management:

1. Leaders at all levels must renew and update their ideas. It is necessary to make decision-making more scientific, to discard the practice of "giving vague, general directives at all levels, the practice of simultaneously involving leaders at different levels in training at a particular level, and the practice of emphasizing the numbers of meters, rings, and seconds": at the expense of other things in examining training results, and to extensively develop and apply new branches of technology, such as the systems theory, information theory, control theory, and the computer.

2. It is important to stress results. A major characteristic of modern management is its emphasis on results. It is necessarsy to combine quality with quantity, training results with economic results, and partial improvements with overall, systematic improvements, to tap the potential of the departments responsible for training, and to achieve the best training results with the least consumption of materials and time.

3. It is imperative to exercise decentralized management. At present, management over military training is not clearly defined.

The activities that should be managed are not properly managed, while those that should not be managed are managed elaborately. This has resulted in dampening the enthusiasm of the lower level units. In light of the basic principles of modern management, it is necessary to clearly define the duties of the training units at various levels and exercise decentralized management so that each unit can systematically lay particular emphasis on training work.

4. It is essential to strengthen legislative work in the training field. On the one hand, the question of legislation should be solved and regulations should be drafted for military training; and on the other hand, it is necessary to abide by the laws and regulations and to bring training into the orbit of regularization.

SINO-AFRICAN RELATIONS STRAINED BY STUDENT CONFLICT

HK230351 Hong Kong SOUTH CHINA MORNING POST in English 23 Jun 86 p 14

[By Chris Yeung: "Recently in Beijing"]

[Text] Colourful banners flew along the Beijing boulevards and soldiers of the People's Liberation Army lined up in front of the Great Hall of the People together with Beijing leaders last week to welcome two leaders of the Third World -- Philippine Vice-President Salvador Laurel and Mali President General Moussa Traore.

But casting a shadow over the cordial atmosphere in the sunny Chinese capital was a recent conflict between Chinese and black African students at Tianjin University.

At issue is not only the fate of the 15 or so Africans who were still hanging around in Beijing but the "separation policy" between foreign and Chinese inside and outside the campus.

This is despite so many moves by the Chinese Government to open its door to the outside world since Mr Deng Xiaoping assumed top leadership in 1979.

Mr Deng's consistent open-door policy in recent years has lured a growing number of foreign businessmen to explore lucrative markets, tourists to travel the vast continent and students to sample the daily life of the world's most populous country.

At present there are about 3,500 foreign students, mainly from Third World countries, studying in China. About 1,600 of them are Africans.

Cultural differences have, in the past, been blamed for sporadic conflicts between foreign students and the Chinese but the latest incident in Tianjin, involving the largest number of students so far, has seriously strained relations between China and African nations. Beijing education officials described it as an "isolated incident" and the Chinese press made no comment. Instead the BEIJING DAILY last Wednesday quoted two students, a Moroccan and a Japanese, who were recently assaulted by five Chinese, as saying the Chinese Government has protected the legal rights and benefits of foreigners in the country.

They maintained the overwhelming majority of Chinese were friendly and that they have never been discriminated against racially. Their remarks have raised eyebrows among observers and correspondents in Beijing.

Some Africans have indicated they wish to return home -- a move which would embarrass China. Joined by African students in Beijing, the blacks took their grievances to the streets in front of the Language Institute in northwest Beijing early this month. "We want the Chinese Government to know our grievances," a Togolese student told the SOUTH CHINA MORNING POST.

African students have long complained they are the victims of abuse and prejudice in China. Other foreign students have received better treatment. But they said they were all virtually separated from the Chinese community.

Students told the POST that there has been a desperate lack of contact between African students and Chinese from all walks of life, let alone the student community. Black Africans said they were sometimes harassed by Chinese in the street. Inside the campus, many Chinese were afraid to get involved with the foreign community. Chinese students were often questioned in detail by university authorities after chatting with or telephoning foreigners, who have separate dormitories and canteens. The Chinese also have to register if they want to visit the dormitories of foreign students.

Africans feel humiliated when they are called heigui, or black devils, though many Chinese do not mean to be malicious.

The Tianjin incident has promoted nine African ambassadors to join together for talks with the State Education Commission and numerous meetings were held last week. Ambassadors were trying to persuade their student nationals to return to Tianjin to continue their studies.

SHENZHEN MUNICIPAL GOVERNMENT TO UNDERGO RESHUFFLE

HK220832 Hong Kong SUNDAY STANDARD in English 22 Jun 86 p 2

[Text] There will be a major reshuffle in the Shenzhen municipal government later this month involving several deputy mayors and deputy secretary-generals. Seven deputy majors and top officials of the municipal party committee will step down while five members of the party standing committee will be replaced. Some of them will be offered key posts in the municipal People's Congress. Those involved include Deputy Mayor Zhou Ding, who will become the chairman of the Standing Committee of the Shenzhen People's Congress.

SHENZHEN REJECTS INFERIOR QUALITY IMPORTS

HK200739 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1415 GMT 19 Jun 86

[Report: "Quality of Commodities Imported by Shenzhen Is Inferior" -- ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 19 Jun (ZHONGGUO TONGXUN SHE) -- According to a report from Guangzhou, Chen Teye, deputy director of Shenzhen's import and export commodity inspection bureau, recently said at a meeting that his bureau has discovered many inferior, old, broken, and false goods and goods given short measure in the commodities imported by Shenzhen.

According to Shenzhen City import and export commodity inspection bureau statistics, of the 11,000 kinds of commodities imported last year, quality problems were discovered in 660 batches of these goods. The inspection bureau claimed damages and retrieved more than $1.4 million. Goods worth $3.7 million were replaced because they were not up to specifications. More than 26 million pieces of sets of parts were delivered again by the suppliers.

In July last year, a hotel in Shenzhen placed an order with a Hong Kong company to import six sets of bowling equipment from the United States. The purchase was worth 1.4 million Hong Kong dollars. The purchase contract specified that the equipment must be new. But after the equipment was installed early this year, it was discovered that the mechanical part was renovated; and the electrical part was old; and some machines were broken and did not work at all. The hotel showed the test report of the commodity inspection bureau to the supplier and the supplier agreeed to change the goods and replace them with new equipment.

In April this year, a company in Shenzhen imported a batch of cameras from Hong Kong and the goods were worth some 200,000 Hong Kong dollars. Through sample inspection, the commodity inspection bureau found that this batch of goods were of inferior quality and that only 25 percent of the goods were up to standard. So the commodity inspection bureau issued a certificate to the Shenzhen company for them to claim damages.

GUANGDONG TO OPEN JOINT VENTURE SECURITIES FIRM

HK180315 Hong Kong SOUTH CHINA MORNING POST in English 18 Jun 86 BUSINESS POST p 1

[By Paul Sham] Guangdon International Trust and Investment corp [GITIC] will today officially announce the establishment of a joint venture securities firm in Hong Kong. It will be the first such firm set up in the territory by a Chinese province and the third with mainland Chinese links. The first securities firm, Chung Mao Security Ltd, was formed by the Bank of China group and a local company. The second was New Century Securities Co. The new firm, Guang Lee Security Ltd, has been set up by Linton Chu and Co of Hong Kong and Guang Xin Enterprise Ltd, a wholly-owned subsidiary of GITIC.

Mr Linton Chu, chairman of the new company and of Linton Chu, said Guang Lee will initially concentrate on share trading, fund management, sub-underwriting and debt financing through the issue of commercial paper. He said the company will also arrange public listings in Hong Kong for China-backed local enterprises and China's domestic companies.

Mr Chu said the new firm's establishment signifies a growing awareness among China-linked companies of the important role played by the stock market in raising investment funds. He said it marks a departure from their over-dependence on banking institutions as in the past.

Negotiations for the joint venture took about two years, he added.

Mr Chu said Guang Lee will officially open for business in about two months, after its application for membership of the Stock Exchange of Hong Kong is approved. For the time being, the firm will channel its business through Linton Chu and Co Ltd.

Stock market observers said in light of the closer links with financial operations in Hong Kong, there is an increasing trend for China-backed companies to get directly involved in the local securities market. They said under China's decentralisation policy and the responsibility system, which give China-backed companies more freedom and incentives, more such regional chinese establishments are expected to engage in the securities business.

PRC TO EASE RESTRICTIONS ON SEZ DEVELOPMENT FUNDS

HK200626 Hong Kong HONG KONG STANDARD in English 20 Jun 86 p 1

[By Eva To]

[Text] The squeeze of development funds to China's economic zones may be relaxed soon, acording to Vice-Governor of Guangdong Province, Mr Kuang Ji. He said some measures are being planned to relax the flow of funds from other provinces of China into the four special economic zones, but the form of relaxation is not likely to be uniform for all four. He added that such a financing arrangement is likely to be handled by the Bank of China, the country's foreign exchange specialised bank.

Meanwhile, China sources said similar relaxation in financing funds is also being prepared for the Pearl Delta Region.

Under this plan financing by foreign banks will be allowed despite the general policy of the country to tone down the over-dependence of foreign funds after a period of over-expansion in 1984.

Sources said this renewed activation of foreign banks' role in the economic zones may take the form of some sort of "development fund" similar to the one operated by a Japanese bank in Shenzhen.

On the economic performance of the province, Mr Kuang said that Guangdong has experienced its best year since the founding of the People's Republic in 1949. Production of industrial goods, including the economic zones, recorded a 25.6 percent growth in 1985, while the consolidated growth for the general economy of the province was up 17 percent, he said. For the first five months of 1986, Mr Kuang noted the growth rate is 9.2 percent compared with more than 30 percent growth for the same period last year.

He stressed that this year's figure should not be taken as a bad turn because it is based upon a very high rate of the unusual growth in 1985.

China experienced a relatively uncoordinated economic expansion in 1984, which has caused a certain setback in its economic development as a whole. Inflation has stabilised while export has out-performed the original plan by more than 10 percent, Mr Kuang said.

TAIWAN SUCCESSION REASON FOR CHIANG WEGO APPOINTMENT

HK230355 Hong Kong SOUTH CHINA MORNING POST in English 23 Jun 86 p 20

[By Terry Cheng]

[Text] Legacy of the Chiang family is still very much a political asset in Taiwan and the appointment of General Chiang Wego as head of the National Security Council (NSC) is an appeal of this legacy. [as published] in case there is the need.

President Chiang Ching-kuo, aged 76, must have the succession problem in heart when recommending his 69-year-old brother for the crucial position.

General Chiang was in political disgrace in 1964 after one of his subordinates staged an abortive mutiny against his father, Generalissimo Chiang Kai-shek. Since then he has only held unimportant military appointments, even after his brother assumed full-power in 1978.

Last Wednesday in a weekly meeting of the Kuomintang's (KMT) policy-making Central Standing Committee, President Chiang made the recommandations concerning his brother and that Mr Wang Tao-yuan, aged 72, the former chief of NSC, become the defence minister.

Since an important meeting of the KMT in late March, a clearer line of succession has emerged. But this is more of a nominal nature and no apparent heir has emerged. Vice-President Lee Teng-hui has moved up higher in the party's hierarchy as a result of the meeting. According to Taiwan's Constitution, he will succeed in case the president cannot perform the duties. However, the president is not necessarily the centre of power in Taiwan. To many observers, Mr Lee does not have the broad power base to have effective control over all the sectors.

Other leaders, such as Premier Yu Kuo-hwa and the education minister, Mr Li Huan, who has held considerable political strength and was recently elected a member of the Central Standing Committee, cannot inherit the full power from President Chiang. Collective leadership is an option after President Chiang, but given the situation and Chinese tradition in Taiwan, a person who is a rallying point of all political sectors is needed in the transition.

Here is where the Chiang legacy appeals. Since the KMT retreated to Taiwan in 1949, the regime and the party have been under the rule of Chiangs. Generalissimo Chiang enjoyed the unchallenged power until his death in 1975 and was succeeded by his son three years ago. The transition saw Mr C. K. Yen as the head of the state, but the centre of power rested with the younger Chiang, who was then the premier.

At present, all the high-ranking officials in the party, government and Army used to be close aides to the Chiang father and the son. For example, Premier Yu, who is said to have a family tie with Chiang, once served in the Office of the President. Must senior military leaders, such as the just-replaced defence minister, Admiral Soong Chang-chih, aged 70, and the chief of the General Staff, General Hau Pei-tsun, also once worked directly under the Chiangs.

Gen Chiang Wego has never enjoyed the same authority of his father and brother. But since he is a member of the top family, he can be a political rallying point. His close ties with the military, which can play an important role in the succession, will definitely help him function as a stabilising force. Being the head of the NSC, Gen Chiang also supervises all the security agencies of the regime.

After the murder of American-Chinese writer Henry Liu in October 1984, the security agencies have been subdued considerably. But they are still a force to be reckoned with.

The security forces, who are loyal to Generalissimo Chiang and President Chiang, will most likely continue to support another member of the family.

The influential CHINA TIMES of Taiwan said judging from the special function of the NSC and the background of Gen Chiang, he can play a special role when the situation demands. The paper commented that the appointment has cast doubts about President Chiang's earlier pledge that no member from his family would become the head-of-state after him. By appointing his brother to head the NSC does not necessarily mean that the president wants Gen Chiang to succeed him.

There is no question that the succession of the president will not proceed according to the Constitution. But given the situation in Taiwan, a smooth presidential succession does not guarantee a smooth succession of power. That is why President Chiang has to appeal to the legacy of his own family and appoint his brother to head the NSC.

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FOREIGN MINISTRY WEEKLY BRIEFING HAILS DPRK PROPOSAL

OW250738 Beijing XINHUA in English 0728 GMT 25 Jun 86

[Text] Beijing, June 25 (XINHUA) -- The Korean Government June 23rd statement proposing the establishment of a nuclear-free peace zone on the Korean peninsula is "in the fundamental interest of the whole Korean people".

This statement was made by a Foreign Ministry spokesman at the weekly news briefing here this afternoon. The spokesman said that the Korean Government statement "demonstrates the sincere aspiration of the Korean people for relaxing the tension on the Korean peninsula and bringing about lasting peace there."

He said, "We have always maintained that the United States should withdraw all its troops stationed there and its military equipment including nuclear weapons from South Korea." "We hope that the U.S. Government and the South Korean authorities will give serious consideration to the peaceful initiative by the Korean Government so as to ease the tension on the Korean peninsula," he added.

NEW INTERNATIONAL RELATIONSHIPS EXAMINED

HK240301 Shanghai SHIJIE JINGJI DAOBAO in Chinese 2 Jun 86 p 6

[Article by Feng Shaolei: "World Peace Will Be Maintained in a New International Pattern"]

[Text] Two eye-catching items of information from the CPSU 27th National Congress have shown that a new pattern has emerged in world politics, which is different from the bipolar system during the cold war period of the 1940's and the 1950's as well as the multi-pole system in the period of detente between the 1960's and 1970's. It is a new international bipolar system with overlapping, intersecting mutual effects and restrictions of multiple poles. [end abstract]

The 27th CPSU National Congress was convened in an atmosphere in which the Soviet Union was ready to implement "thorough reform" at home, and at the same time, under the new international pattern formed since the 1980's, in which the Soviet Union was to initiate important planning for its foreign policy strategy. Several things were rather eye-catching during the session of the 27th CPSU National Congress. One was the portion on foreign relations in Gorbachev's political report submitted to the 27th CPSU National Congress, in which the greatest part was devoted to U.S.-Soviet relations. Unlike the political reports delivered at CPSU National Congresses by his predecessors, Gorbachev's political report did not list all Soviet policies regarding every region in the world, with only a few exceptions. The concrete discussion on the U.S.-Soviet relations and the brief generalization of its relations with other regions in the world was a sharp contrast. Therefore, Western observers believe that this arrangement shows that the Soviet Union will focus its attention all the more on the relations between the superpowers.

The second items was that in the final election of the CPSU Central Committee Secretariat, A.P. Dobrynin was elected secretary of the CPSU Central Committee Secretariat.

Dobrynin has been USSR Ambassador to the United States for as long as 25 years, and he has dealt with many U.S. presidents and secretaries of state between the Eisenhower and Reagan administrations. The significance of promoting Dobrynin lies not only in stressing U.S.-Soviet relations, but possibly the prolonged significance of promoting U.S.-Soviet talks.

Thus, we can see whether by the programmatic discussion on foreign policy in the political report or the appointment of some key figure in its personnel, it has demonstrated that Gorbachev has proposed a strategic principle with U.S.-Soviet relations as the focus of the entire Soviet foreign relations. Does this show signs of a new international pattern in the 1980's characteristic of a retreat from a multiple pole system to a bipolar system as in the 1960's and 1970's? In order to explore this question, it is necessary to undertake some retrospection and analysis on the U.S.-Soviet rivalry in the international pattern since the 1980's

Reaffirming U.S. Global Interests

There are two characteristics in the U.S.-Soviet rivalry since the 1980's. One is the tension in the U.S.-Soviet rivalry which has surpassed any period since detente. Some people in the Soviet Union as well as in the West believe that the tension in the situation in the first few years of 1980 exceeded the cold war years between the late 1940's and the early 1950's

In order to deal with the pressing Soviet global offensive of the latter half of the 1970's, the Reagan administration made all-round readjustment of its foreign policy with the slogan of "rejuvenating the United States and reestablishing U.S. prestige", as soon as it got rid of its serious economic crisis in the first 2 years of the 1980's. Reagan has gone along with the rising tide of conservative forces at home, returning to the concept of a "bipolar" world, while giving up the "five pole" concept of Nixon's times. In U.S. foreign policy, the Reagan administration has stressed antagonism against the Soviet Union as the key, and changed the trend of Carter's times which attached importance to the North-South rather than the East-West relations. In the arms race, the Reagan administration is no longer satisifed with just recovering and maintaining a "balance in power," but explicitly seeks "superiority," and is attempting to overcome the Soviet Union with its "star wars" initiative nuclear arms drive. In economic relations, Reagan does not simply rely on the "network of interests" to induce an evolution inside the Soviet Union, but attaches attention to such things as the arms and "sanctions," in an attempt to defeat the Soviet Union economically. In politics, it is no longer satisfied with containing the Soviet Union in its existing spheres of influence, but openly asserts that the United States, "will by no means acknowledge the legalization of the status quo of Europe and its being severed." In all hot-spot areas, the United States has sent its troops for direct intervention, but does not tolerate Soviet intervention, and openly proclaims that U.S. interests are global, asserting that the United States will consolidate, return to, and seize back every important strategic place in the world. The U.S. attack on Libya in April this year has served as an obvious sign of such intentions.

Despite the fact that the Soviet Union has witnessed a drastic fall in its economy in consecutive years since the 1980's, while internationally it has had to face the Afghan and Polish issues, the Soviet leaders have repeatedly made explicit that the Soviet Union would never allow the United States to acquire military superiority, even if it means the Soviet Union tightening its belt.

Therefore, when the United States deployed the Pershing I missiles and cruise missiles successively in the United Kingdom, Italy and the FRG on schedule, the Soviet Union immediately increased longer-range intermediate-range tactical missiles in its homeland, as well as the GDR and Czechoslovakia. When the United States sent its aircraft carrier for an exercise in the area of a Soviet Far East military base, the Soviet Union sent its submarines for the first time cruising in the waters of the east coast of the United States. In space weaponry, the United States succeeded in testing its air-launched anti-satellite missiles and ground based ballistic missiles in 1984, and the Soviet Union scored new successes in its manned Skylab project. The tension of the U.S.-Soviet confrontation reached a new height in 1983 and 1984 since detente in the late 1960's.

The Formation of a New Pattern in the 1980's

Second, in the U.S.-Soviet competition since the 1980's the trend of mutual confrontation in the form of alliances have reappeared.

As a result of its weakening status in the world in the decade between the late 1960's and the late 1970's, the U.S. Government relaxed its relations with its alliances, and developed partnerships in order to reduce the responsibility of U.S. leadership in achieving a strategic contraction. A decade later, when Reagan came into power, the United States once again stressed its "leading" role in the West, as well as the role of military alliance in the confrontation with the Soviet Union, while doing its best to keep its alliance and all other forces on the track of U.S.-Soviet rivalry. As the conservatives have come into power in the major West European countries since the 1980's, some left-wing leaders have also turned right; and they have moved closer to the United States on the Western collective defense issue. Since Reagan's "star wars" initiative was made public, the United Kingdom, West Germany, France and Japan have successively expressed their wish to participate in the project, even when disputes in their own countries remain. Therefore, the momentum of the West in uniting to contend with the Soviet Union has reached an unprecedented height since the detente of the late 1960's.

Meanwhile, the 10 CEMA nations Science and Technology Progress Program Before the year 2000, with Gorbachev's promotion, came into being in late 1985. The emergence of this so-called "Eureka Project" of the East has in essence reflected the efforts of the Soviet Union, Eastern Europe, and other CEMA nations in stepping up their plan for unification, and their aim to unfold the manifolded competition with West in military affairs, economy, science and technology. In this sense, the Soviet Union and other CEMA nations are unprecedently bound to the same chariot.

The emergence of the above-mentioned new situation has in essence indicated that the development of the international pattern in the 1980's, has changed from multi-polarization, which has been the trend since detente, to the development of a reversal of the poles. This is different from the two pole system in the period of detente between the 1960's and the 1970's. It is a new international bipolar pattern with overlapping intersecting mutual effects and restrictions of the multiple poles.

Worthy of our pondering is the question of why history has not simply repeated, in the 1980's, the situation of the unitary bipolar confrontation during the cold war period, but brought about the emergence of a new complex two poles of a multi-pole structure. That is because the anti-hegemony and peace forces developed in the 1970's would inevitably push forward the momentum of the multiple poles as a means to contend with the two hegemonies.

Therefore, the international situation since the 1980's, can only be result in multi-pole development against the background of the confrontation and rivalry of the two hegemonies under the restriction of pluralism.

The Peace Forces Transcending Ideologies

How do the world's peace forces push forward the momentum of the mutiple poles in restricting the rivalry between the two hegemonies? Primarily, a developing trend, transcending ideologies and group boundaries, has emerged in the world's social antihegemony peace forces.

Europe is the region where the confrontation of the two hegemonies is tensest, and the ideological conflict the severest. The development of the peace forces transcending ideologies, push forward the East-West detentes of the 1970's. The trend of developing international relations transcending ideology and group boundaries has reached a new level both in depth and breadth since the beginning of the 1980's. In a background in which the United States has given up detente and pursued a new policy of containment against the Soviet Union since the 1980's, West European countries have done their best to urge the U.S.-Soviet to talk about an accord on disarmament, so that Europe may relaize a "low-level balance of power." They advocate the West continuing its economic and trade relations with the Soviet Union and Eastern Europe, while the West gets real benefits. At the same time, they have proposed holding bilateral negotiations to solve the conflicts in such hot spot areas as the Middle East with the participation of the Soviet Union. Of late, some people even proposed implementing a "second policy for the East," in order to push forward detente between Eastern and Western Europe.

At the same time, an unprecedented trend of Eastern Europe demanding closer relations with West European countries has emerged since the 1980's under the situation in which the Soviet Union has strengthened its alliances in its confrontation with the United States. In order to realize the exchange of visits between the heads of the GDR and the FRG, and GDR had an open dispute with the Soviet Union in spring 1984. The U.S.-Soviet confrontation has almost developed the momentum of the cold war years over the past 2 or 3 years. However, the frequency of the mutual visits between government heads of East and West European countries has been unprecedented since the end of World War II. The heads of States of premiers of the United Kingdom, West Germany, Italy, Belgium and the United States have consecutively visited Hungary, while Kadar's tour of Western Europe was the talk of the town in Europe for a time. Despite the fact that Honecker failed to make his trip to the FRG, exchange visits between the GDR and Finland, Sweden, Greece, and Italy were carried out. Besides, Yugoslavia, Romania, Bulgaria and Poland have also begun active diplomatic activities with West European countries. This has fully demonstrated that small and medium European countries are doing their best to push forward East-West talks, and that their aim is to safeguard European security and stability.

Besides, the role of the Third World countries as the principle force in the struggle for world peace has been continuously strengthened. Today, where there is crisis in the world, where there is a hot spot, there are Third World countries going there in a liaison and mediation role. In order to conclude the turbulent situation in Central and South America, the Contadora Group has in recent years proposed that "a Latin American solution should be adopted in pursuing a course to solve the conflicts in Central and South America." The ASEAN countries have made unremitting efforts to ease the tense situation in Southeast Asia. Arabian countries such as Egypt are adopting measures to seek new united action in solving the Middle East issue.

Summing up, we can see that the bipolar, multi-pole pattern is likely to exist for a considerably long period on the condition that the U.S.-Soviet balance of strength remains intact. The U.S.-Soviet confrontation may be further impeded, and world peace may possibly maintained for a comparably long period because of manifold restrictions and limits on their military power. This conclusion is the real significance in the analysis and comparison of the bipolar-multi-pole international system.

SOCIALIST INTERNATIONAL ADOPTS RESOLUTIONS

OW241634 Beijing XINHUA in English 1458 GMT 24 Jun 86

[Text] Lima, June 23 (XINHUA) -- The 17th Congress of the Socialist International ended here today after adopting resolutions calling for more international aid to the developing countries, a halt to the arms race in outer space and an end to the U.S. intervention in Central America.

One resolution, called the "Lima Declaration", said that most of the external debts of the poor countries, especially the drought-striken African countries, should be exempted and payment of remainder of the debts should be postponed for 30 years. The resolution also said that the payment of a debt by a developing country should be no more than 20 percent of its income from exports. The document called for maintaining the bank interest rates at a level acceptable to the developing countries, offering these countries more access to the markets of the developed countries and the stabilization of the prices of raw materials.

The economic policy committee of the Socialist International also proposed setting up of an international organization to call conferences between creditors and debtors in order to solve the debt issue.

On the disarmament issue, the "Lima Declaration" urged the superpowers to carry out their promises of reducing their nuclear arsenals by 50 percent and demanded that they stop developing either ground or outer space based anti-missile and anti-satellite systems. The declaration also opposed the improvement and deployment of chemical weapons.

Another resolution passed by the four-day congress criticized the U.S. Government for imposing economic sanctions against Nicaragua and offering military aid to Nicaraguan rebels and charged that the U.S. policies are creating instability in the region. The resolution also called for an end to military exercises in Central America, the withdrawal of foreign military advisors from the region and the signing of a regional peace treaty. It added that the Nicaraguan Government should carry out its promise of nonalignment, pluralized ideology and mixed economy.

Willy Brandt, chairman of the Federal German Social Democratic Party and the country's former chancellor, was reelected as chairman of the Socialist International.

WORLD BANK TO AID PRC'S RURAL HEALTH PROJECT

OW240932 Beijing XINHUA in English 0637 GMT 24 Jun 86

[Text] Washington, June 23 (XINHUA) -- The World Bank and its affiliate, the International Development Association (IDA), will help China improve health services to some 300 million farmers in five provinces, according to a World Bank news release today.

Health services will be expanded and improved in 50 rural counties in five provinces -- Gansu, Hubei, Jilin, Sichuan and Ningxia Hui Autonomous Region. Funds will be provided to strengthen the monitoring and control of diseases, to upgrade immunization efforts, and to improve the managment of epidemic prevention stations.

Three national centers will be built and rehabilitated to produce vaccines that meet international standards. The Chinese Ministry of Public Health will be assisted in monitoring the quality and safety of domestic and imported drugs and in evaluating the contents and possible adverse effects of new drugs.

New approaches to rural health insurance will be tested and the results will form the basis of a national policy on health care financing in the rural areas. The total cost of the project will be 177.4 million U.S. dollars. A 15 million dollar World Bank loan and an IDA credit of 65 million dollars will be provided.

FOREIGN EXPERTISE ASSISTS MODERNIZATION PROGRAM

OW241013 Beijing XINHUA in English 0710 GMT 24 Jun 86

[Text] Beijing, June 24 (XINHUA) -- Foreigners have contributed to the modernization program throughout China, particularly in enterprise managment and urban construction, according to an official of the China International Association for Personnel Exchange. The country first invited individual foreigners to work on basic industiral and managerial problems in 1979, under the policy of opening to the outside world. Eleven foreign experts from Japan and the Federal Republic of Germany have done consulting work on the China's development and reform plans for its automobile industry.

Their suggestions have been "valuable," the official told XINHUA today. "The foreign experts studied the situation carefully and have given our automotive people useful ideas on upgrading technology and developing new products." In addition, he said, "They've helped develop a strategy for finding the money to do these things." Foreign experts have also done consulting work on key building projects, helping cut costs and speed up construction. At the Mawei shipyard in east China's Fujian Province, two Japanese consultants suggested managment reforms and technological upgrading that cut the lead time for building a 15,000-ton freighter to six months instead of three years.

China's four special economic zones, where foreign investors enjoy tax reductions and other preferential treatment, have also invited technicians and managerial staff from Hong Kong, Macao and overseas to work, the official said. The Shenzhen Zone in Guangdong Province alone has invited more than 500 such people since 1980.

REAGAN 'ENCOURAGED' BY SOVIET ARMS CONTROL PLAN

OW240747 Beijing XINHUA in English 0543 GMT 24 Jun 86

[Text] Washington June 23 (XINHUA) -- U.S. President Ronald Reagan said today he was "encouraged" by the latest Soviet arms control proposal and might be able to accept it "in principle." In an interview with the LOS ANGELES TIMES, Reagan said this was the first time that the Soviets "are proposing actual reductions (in nuclear arms) and have even announced their desire that these lead to an eventual elimination of such weapons." He said the United States is still in the process of studying the Soviet proposal.

But he added, "The principle of starting meaningful reductions of weapons and with the ultimate goal of eliminating them entirely -- yes, I agree wholeheartedly with that." The Soviet Union reportedly proposed a significant cut in the strategic nuclear weapons of the two superpowers in exchange for a U.S. agreement to abide by the 1972 Anti-Ballistic Missile Treaty for at least 15 years. The treaty bans the development, testing and deployment of space defense systems.

Asked if his Strategic Defense Initiative (SDI), known as the "star wars" program, could also be part of U.S.-Soviet Arms control negotiations generally, Reagan replied, "That's right." "We have some ideas about that (SDI) too, which we think will be forthcoming when we start responding to their latest proposal," he added.

PETROVSKIY SAYS NO PROGRESS IN DISARMAMENT TALKS

OW250132 Beijing XINHUA in English 0034 GMT 25 Jun 86

[Text] Geneva, June 24 (XINHUA) -- U.S.-Soviet negotiations on nuclear disarmament and space weapons have thus far shown "no progress", Soviet Vice-Minister of Foreign Affairs Vladimir Petrovskiy said at a press conference here today.

"We have tabled a whole series of proposals but have received no response," Petrovskiy said. Any agreement between the two sides limiting nuclear arms or calling for at least a move in that direction, Petrovskiy said, would "serve as a base" for a second Reagan-Gorbachev summit. U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev met for the first time in Geneva last November.

During the press conference the Soviet vice-minister also addressed the issue of nuclear testing saying that a treaty on the issue is of utmost priority. The Soviet Union has put a moratorium on all nuclear tests. However, the United States has yet to follow suit.

Concerning an eventual treaty on a chemical weapons ban, Petrovskiy said the recent NATO decision to continue the manufacture of such weapons "leaves serious doubts about the intentions of the other side." The security of states cannot indefinitely depend on the fear of reprisals and "neither the arms race nor a nuclear war can ever be won," Petrovskiy said.

U.S., USSR TO DISCUSS MIDEAST IN STOCKHOLM

OW201131 Beijing XINHUA in English 0714 GMT 20 Jun 86

[Text] Washington, June 19 (XINHUA) -- The United States and the Soviet Union have agreed to meet in Stockholm, Sweden, next week to exchange views at the experts level on the Middle East, the U.S. State Department said today. State Department spokesman Bernard Kalb said the U.S. team will be headed by Richard Murphy, assistant secretary of state for Near East and South Asia affairs.

"These discussions will be held within the framework of exchanges with the Soviet Union on a whole range of regional issues," said Kalb. They are a continuation of the Mideast experts discussions conducted in Vienna in February last year, he added. He said this is an exchange of views, adding, "We don't intend to negotiate any agreements, nor do we anticipate any joint U.S.-Soviet actions to emerge from this kind of discussions." The spokesman declined to say whether the peace conference proposed by the Arab countries would be one of the topics discussed at the Stockholm meeting. An exchange of views can be beneficial, he said.

HU YAOBANG COMMENTS ON USSR TIES NOTED

OW240641 Beijing in Russian to the USSR 1800 GMT 22 Jun 86

[Excerpts] Hu Yaobang, General Secretary of the CPC Central Committee, who is on a visit to Italy, told a press conference in Rome on the morning on 21 June that his present visit to Italy will further promote development of friendship and cooperation between China and Italy.

Speaking on PRC-USSR relations, Hu Yaobang said: The Chinese side hopes for a normalization of relations between both countries in the political sphere. Unfortunately, however, no significant progress [sushchestvennyy sdvig] has been achieved. The new leaders of the Soviet Union have worked out some new political directions and they hope to animate their country's economy. This is a good cause and China wishes them success. In the foreign policy area, they have also proposed a number of initiatives. We hope that they will conduct a sincere dialogue with the United States.

SINO-SOVIET FRIENDSHIP ASSOCIATIONS PLAN SIGNED

HK181457 Beijing XINHUA Hong Kong Service in Chinese 551 GMT 18 Jun 86

[Text] Moscow, 18 Jun (XINHUA) -- The 1986-1987 plan for cooperation between the Chinese People's Association for Friendship With Foreign Countries and the China-USSR Friendship Association and the USSR Association for Friendship With Foreign Countries and the Soviet-Chinese Friendship Association was signed at 1200 today in Moscow. Vice president Yang Shouzheng of the China-USSR Friendship Association, and Chairman Tikhvinskiy initialled the plan. The associations for friendship of the two countries will reciprocally send their delegation for a visit, and will hold activities marking memorial days for some important events, famous social activists, and outstanding men of letters, according to the cooperation plan. The China-USSR Friendship Association delegation headed by Yang Shouzheng arrived here for a friendly visit on 15 June.

SOONG CHING LING REMEMBERED AT MOSCOW MEETING

OW201321 Beijing in Russian to the USSR 1800 GMT 19 Jun 86

[Text] The Union of Soviet Societies for Friendship and Cultural Relations With Foreign Countries and the Soviet-Chinese Friendship Center in Moscow on 18 June on the occasion of the fifth anniversary of the death of honorary PRC President Soong Ching Ling. Bernov, deputy chairman of the Union of Soviet Societies for Friendship And Cultural Relations With Foreign Countries, presided over the meeting during which Tikhvinskiy, chairman of the Soviet-Chinese Friendship Society, gave a detailed account of the activities and life of Comrade Soong Ching Ling to the participants and highly praised her important contributions to the revolutionary cause of the Chinese people, the cause of peace in the entire world and the development of Soviet-Chinese relations. Korshunova, doctor of history of the Soviet union, spoke about her several meetings with Soong Ching Ling and about Soong Ching Ling's work and stay in Moscow in 1957 when she took part in the work of an international conference. Artists gave performances at the end of the meeting. Temporary charge d'affaires of the PRC Embassy to the USSR (Li Xionglin) and others attended the meeting.

USSR TO IMPROVE TRADE RELATIONS WITH WEST

OW200801 Beijing XINHUA in English 0600 GMT 20 Jun 86

[Text] Moscow, June 19 (XINHUA) -- The Soviet Union will further participate in international labor division and improve foreign trade relations, including those with Western countries, in order to realize the general principle ascribed by the 27th Congress of the Soviet Communist Party. Nikolay Ryzhkov, chairman of the Soviet Council of Ministers, made the remarks at a meeting with representatives of commerce and industry from the West and Soviet departments.

Ryzhkov said the Soviet Union's new five-year plan has provided the possibility for enlarging economic and technical cooperation with the West while demanding to "remove obstacles in international trade." He said that some Western blocs should give up the policy of exerting pressure on foreign economic relations.

The two-day meeting, which started today, is sponsored by the Soviet Chamber of Commerce and Industry and the International Chamber of Commerce. On the agenda are discussions on economy, trade, science and technology prospects between the Soviet Union and industrialized countries in the West before 1990.

TRADE, TOURISM ENLIVEN PRC-USSR BORDER TOWN

OW201417 Beijing XINHUA in English 1129 GMT 20 Jun 86

["News feature: Trade, Tourism Make Sino-Soviet Border Town Come Alive" -- XINHUA headline]

[Excerpts] Urumqi, June 20 (XINHUA) -- The boom is on for the people of Horgos, a village of 500 on the Sino-Soviet border in northwest China's Xinjiang Uygur Autonomous Region. Only three years ago so inconspicuous mapmakers seemd to pass it by without a thought, Horgos has been reborn as a boisterous way station following the reopening of its ancient pass to the Soviet Union. [sentence as received]

Heavy-duty trucks noisily lumber through its once quiet streets, shuttling back and forth to Soviet towns. They roll into China with steel, cement and machines and return stuffed with cotton, cloth, wool, fur and produce. Tourists from throughout the world prowl the village's alleys, where no foreigner walked for decades. Reopened to outsiders in November 1983, Horgos quickly became a major attraction on the ancient silk road, which linked China with Europe for a thousand years from 200 B.C.

Before the reopening, the village's only buildings were shabby bungalows with a total floor space of less than 2,000 square meters, local officials say. Now, modern buildings with 8,000 square meters of floor space house a bank, a post office, a hotel, a restaurant, a store, and customs, quarantine, transport and trade offices. A school, a clinic, a modern hotel for foreigners with an attached recreation center, a restaurant, a cinema and a dance hall are being built. To make their village more attractive, residents have planted trees to shade roads and flowers and ornamental plants to dot streets and courtyards.

Local officials say they expect the growing town to become one of the region's major trade and tourism centers. In 1985, nearly 2,000 people entered or left China to visit their relatives through Horgos. Another 10,000 tourists came to sightsee. And even more are coming this year, local officials say.

ASEAN FOREIGN MINISTERS' MEETING WRAP-UP

OW241233 Beijing XINHUA in English 1128 GMT 24 Jun 86

[Text] Manila, June 24 (XINHUA) -- The 19th foreign ministers' meeting of the Association of Southeast Asian Nations (ASEAN) concluded here this afternoon after two days' intensive discussions. During the two-day meeting, the Kampuchean issue remained a major concern among the six ASEAN member countries. The participants at the meeting said the Vietnamese occupation of Kampuchea poses an obstacle to regional peace and stability and denies freedom to the Kampuchean people.

They condemned Vietnam's intransigent attitude in rejecting the eight-point proposal offered by the Coalition Government of Democratic Kampuchea (CGDK). They considered the proposal reasonable, flexible and comprehensive and able to serve as a constructive framework for a just solution to the Kampuchean problem, especially to the ending of Hanoi's seven-year occupation Kampuchea.

In a joint communique adopted at the closing session, the ASEAN foreign ministers expressed support for the CGDK eight-point proposal. They pressed for the phased withdrawal of Vietnamese troops from Kampuchea and self-determination by the Kampuchean people, and reaffirmed their continuing support for the CGDK in their struggle to rid their country of foreign oppression and domination.

The communique also urged ASEAN countries to have closer economic cooperation among themselves.

ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. Though ASEAN countries have grown steadily since the founding of the association 20 years ago, they are now facing difficulties in their economies due to the influence of the world economic situation.

ASEAN representatives in the deliberations called for closer regional cooperation in the economic fields, citing falling commodity prices and trade protectionism of the developed countries which they said no longer favor separate growth of individual ASEAN economy. They urged ASEAN member countries to take new initiatives to boost economic growth within ASEAN.

At the closing ceremony, the six ASEAN member countries signed two agreements, one on energy cooperation and another on petroleum security, hoping these agreements would result in the further advancement of energy-related cooperation in the ASEAN region.

The foreign ministers agreed that the third ASEAN summit would be held in Manila in the middle of 1987. The meeting also decided to hold the next ASEAN foreign ministers' meeting in Singapore in 1987.

The foreign ministers appointed Rederick Yong Ying Fatt of Brunei the next secretary general of the ASEAN Secretariat for the next three years.

The ASEAN ministerial meeting will be followed by a ministerial dialogue conference on Jun 26-27 between ASEAN and the United States, Japan, Canada, Australia, New Zealand and European Economic Community. The ASEAN delegates are expected to reiterate ASEAN's firm position against protectionism, and urge their dialogue partners to ease protectionist barriers and intensify cooperation with ASEAN.

NEW TRADE CONTRACTS SIGNED WITH PHILIPPINES

OW241039 Beijing XINHUA in English 0812 GMT 24 Jun 86

[Text] Manila, June 24 (XINHUA) -- China and the Philippines have signed a new package of import-export contracts valued at 47 million U.S. dollars in the past two weeks. Of the total transactions concluded, China's imports from the Philippines are valued at 40 million U.S. dollars while its exports to the country are worth seven million U.S. dollars.

This was announced by Ye Lingyun, head of the Chinese trade delegation, at Manila airport today upon departure for home after a fortnight's visit. Ye told XINHUA that China showed great concern over the imbalance of trade with the Philippines in the last few years. "My delegation, consisting of 28 members from a dozen Chinese trading corporations, has been tasked to buy more than we sell here to help alleviate the trade deficits of the Philippine side, so as to further the trade relations and friendship between the two countries," she added.

The commodities China has contracted to import from the Philippines include copper products, compound fertilizer, phosphatic fertilizer, banana, coconut oil and plywood. China's exports cover soybean meal, canned food, polyester fiber, metals and machinery. It was learned that the total volume of trade between China and the Philippines last year reached 270 million U.S. dollars, of which China's exports to the Philippines accounted to 210 million U.S. dollars.

PALAU PRESIDENT ON GAINING PARTIAL INDEPENDENCE

OW171056 Beijing XINHUA in English 1004 GMT 17 Jun 86

[Text] Canberra, June 17 (XINHUA) -- President of the Pacific state of Palau Lazarus Salii said that the United States has promised to his country a partial independent status despite Soviet threats of a veto in the U.N. Security Council.

According to reports reaching here today from Koror, capital of the Palau Islands, President Lazarus Salii said that he has asked the U.S. Administration to speed up a "compact of free association with the United States." Under the "compact", Palau will be a partially independent state gaining one billion U.S. dollars in economic assistance, while the United States will retain its responsibility for defense.

"PACIFIC ISLANDS MONTHLY" reported, Palauans voted for the "compact" at a plebiscite on February 24 this year. The U.N. Trusteeship Council approved it on May 28, with the Soviet Union casting the only dissenting vote.

It was reported that Moscow believed the agreement was a disguised attempt by Washington to annex the strategically located Palau Islands which stretch 644 kilometers across the Pacific.

President Salii, who visited Washington last month, dismissed the Soviet threat and said that the United States might move unilaterally to terminate trusteeship without going to the Security Council. With a population of about 14,000, Palau comprises 200 islands in the Western Pacific. She is fertile and well-wooded, producing many kinds of tropical fruits and vegetables.

XINHUA CARRIES REPORT ON PRK SOLDIERS''MUTINY'

OW200556 Beijing XINHUA in English 0109 GMT 20 Jun 86

[Text] Beijing, June 20 (XINHUA) -- A group of soldiers of the 6th Division of the Heng Samrin forces stationed in Sisophon area, Battambang Province rose in mutiny on June 7, killed a number of Vietnamese, Radio Democratic Kampuchea reported today. Two tanks were destroyed and another two confiscated by the rebels, the radio said. The radio report did not tell the cause of the mutiny and the present whereabouts of the rebels.

INDONESIAN CONSUL ON SUSPENSION OF TRADE WITH PRC

HK240231 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1210 GMT 23 Jun 86

[Text] 23 Jun -- Commercial Consul (Sudarja) of the Indonesian Consulate in Hong Kong told this reporter today that Indonesia's direct trade with China had recently been suspended. He disclosed that the relevant departments on both sides have maintained contacts to find a solution.

According to Indonesian regulations (Sudarja) said, all goods to be transported to Indonesia should be examined by SGS and inspection reports should be provided. However, this was not accepted by China. In light of the agreement reached between SGS and China's Import and Export Commodity Inspection Bureau in Jakarta in January 1985, China's Import and Export Commodity Inspection Bureau will be responsible for examining goods and will issue inspection reports under the name of SGS. (Sudarja) said that the agreement was not confirmed by the Indonesian authorities. In my opinion, (Sudarja) continued, the decision made by the Indonesian Trade Minister in February this year that China's Import and Export Commodity Inspection Bureau cannot examine the goods on behalf of SGS does not run counter to Order No 4 issued by the Indonesian president.

So far as I know, (Sudarja) said, both Indonesia and China insist on their own view regarding commodity inspection, but I believe that both sides will be able to find a solution.

BANK OF CHINA GROUP EXPANDS IN HONG KONG

OW211523 Beijing XINHUA in English 1451 GMT 21 June 86

[Text] Hong Kong, June 21 (XINHUA) -- The Bank of China group has become the second largest in Hong Kong next only to the Hong Kong and Shanghai Banking Corporation.

According to a release by the banking group, its total amount of loans and deposits in the first five months of this year is 30 percent higher than the same period of last year. The issuance of industrial loans, an important aspect of the group's business which started in 1983, totalled 20,000 by April this year, involving more than six billion Hong Kong dollars (769 million U.S. dollars). Meanwhile, the group also raises loans for department projects in the mainland. It provided more than five million Hong Kong dollars (641 U.S. dollars) over past four months.

Apart from the Beijing-based Bank of China, the 13 other banks in the group are incorporated either in Hong Kong or the mainland; and with Hong kong and Macao as its base, the group has expanded business overseas. The eight banks in the group that are incorporated in the mainland have recently increased their capital by 50-66 percent.

HU'S EUROPE TOUR CONTRIBUTED TO WORLD PEACE

OW240855 Beijing XINHUA in English 0607 GMT 24 Jun 86

[Text] Turin, Italy, June 23 (XINHUA) -- Hu Yaobang, general secretary of the Central Committee of the Communist Party of China (CPC), today successfully wound up his half-month West European tour intended to promote mutual understanding, friendship, and cooperation and to contribute to world peace.

Public opinion in Western Europe in general described his first official visit to the four countries -- Britain, Federal Germany, France and Italy -- as an "event of historic significance" that will advance the interests of world peace and common progress.

Despite their geographic separation and cultural differences, China and Western Europe have been linked by friendship and cooperation dating back 1,800 years to the days of the ancient "silk road."

Since the People's Republic of China was founded in 1949, particularly over the past few years, frequent exchanges of visits by state and government leades and people from other walks of life have deepened the mutual understanding and friendship between the two sides. On top of this, Hu's tour was warmly welcomed and he and his entourage were accorded grand receptions in all the four countries.

During his talks with leaders of thee countries, Italian Communist Party leaders, opposition party leaders and businessmen, the Chinese party leader found himself having identical or similar views with them on at least two fundamental issues facing the world today -- peace and development.

Europe, being the cradle of the modern industrial revolution, has made tremendous contributions to human civilization and today remains one of the world's most developed regions in economy, culture and science. But on the other hand, Europe has twice been where a world war erupted to bring great calamities to people, and remains a hotbed of worldwide conflict.

These characteristics and experiences have placed Europe in a spoecial position in contemporary international affairs and in relation to the two fundamental world issues that concern man's future and destiny. The European people, who will not allow history to repeat itself, are striving to join hands in facing the current challenges, in the first place in the effort to maintain peace. It was only natural that this aspiration was firmly supported by the Chinese party leader.

During his West European trip, Hu made a series of speeches to expound the domestic and external policies China pursues. The speeches gave both the ruling and opposition parties in these countries a better understanding of China's foreign polices of independence and peace and its home policies aimed at enlivening the national economy. Hu's speeches won high praises from the audiences, who believe that a prosperous and powerful China will be a positive element beneficial to world peace.

General Secretary Hu told his hosts that a China which pursues independent foreign policies and a Europe which demands to grasp its own destiny and strengthen its unity will surely make greater and greater contributions to world peace and stability. What he said here is the very point of departure of China's relationship with West European countries. And it was in this spirit that Hu conducted his tour and made it a success.

In recent years, China and West European countries have made gratifying achievements in their cooperation in political, economic, trade and technological fields. During Hu's visit, both sides expressed satisfaction with the development and pledged to further expand their ties. What is more, both ruling and opposition parties in the four countries are also at one in their desire to further such relations. This is added proof that China's relations with West European countries are broadly and firmly based. Brief as it was, General Secretary Hu's visit will exert a far-reaching influence on the development of Sino-West European relations.

CHINA DAILY COMMENTATOR ON HU'S EUROPEAN TRIP

HK250154 Beijing CHINA DAILY in English 25 Jun 86 p 4

[By CHINA DAILY commentator: "A Successful Trip"]

[Text] Chinese Communist Party leader Hu Yaobang has wound up his 16-day, four-nation West European trip. Setting foot on British soil, the first stop on his trip, Hu declared that the purpose of his visit was to enhance understanding, strengthen friendship, expand co-operation and promote peace. Now, at the end of the tour, the general secretary can look back with satisfaction on his misson -- his visit to Britain, West Germany, France and Italy have been a complete success. Hu was as warmly received in France and Italy as he was in Britain and West Germany.

Hu's visit afforded him the opportunity to exchange views with the leaders of the host countries on international issues of common concern and to explore ways of furthering friendly and co-operative relations. As a result, mutual understanding was deepened.

His talks confirmed that on world peace - the most vital issue facing humanity -- there is a common language between China and West Europe. The four countries share China's views on maintaining peace and opposing the arms race. Hu reaffirmed that it is China's conviction that a united Europe can play a significant role in preserving world peace. He pledged closer co-operation from China in order to make concerted efforts to protect world peace and avert war.

He also underscored the fact that West Europe is an important partner of China in trade and economic co-operation. As a developing country, China has vast resources but lacks funds and technical know-how, both of which the developed countries of West Europe can well supply. Thus, the ecnomies of China and West Europe can complement each other and co-operate. This will benefit both sides.

The Chinese Communist Party leader explained and stressed that China's open policy will not vary with any future leadership changes. China's relations with West Europe are based on the conviction that co-operation will last a long time. Hu's trip to West Europe showed China's recognition of the importance of West Europe in world affairs and indicated China's desire to strengthen ties with it.

We believe exchanges of visits and views between leaders of countries will undoubtedly enhance mutual understanding, which is beneficial to co-operation among nations, and helps preserve world peace. General Secretary Hu's West Europe tour is good example.

EUROPEAN AMBASSADORS TO PRC ON HU YAOBANG'S TOUR

HK201240 Beijing SHIJIE ZHISHI in Chinese No 11, 1 Jun 86

[Article by reporters Wu Miaofa, Xiao Zexian and You Dianshu: "British, Federal German, French and Italian Ambassadors to China Speak on General Secretary Hu Yaobang's Visits to Four West European Countries"]

[Text] June is the best time of the summer. General Secretary Hu Yaobang will visit four countries -- Britain, Federal Republic of Germany, France and Italy. This will be the first visit to Western Europe by the general secretary of the Chinese Communist Party. It is receiving great attention at home and abroad, and has become a hot topic of conversation. The reporters of this magazine purposely visited the four countries' ambassadors to China and asked them to talk about the significance of General Secretary Hu's visit, and the existing state of, and prospects for, the political, economic, cultural, scientific and technical relations between China and the four countries. The four relevant ambassadors received us warmly and made speeches full of friendly sentiment.

British Ambassador Evans: Another Major Development After the Hong Kong Agreement

Ambassador Evans said: General Secretary Hu Yaobang's current visit to Britain is being made at the invitation of British Prime Minister Margaret Thatcher and the British Government. This is a matter of major significance in the history of the relations between Britain and China. What I want to stress is that this is a formal and official visit. The British side will accord General Secretary Hu Yaobang a warm welcome and Mrs Thatcher will hold official talks with General Secretary Hu Yaobang.

I think that General Secretary Hu's current visit is another major development in maintaining the friendly relations between Britain and China since the signing of the agreement on the Hong Kong issue. It is also an important visit after the visit to Britain by President Li Xiannian of China last year. I am very pleased to tell you that her majesty will visit China in response to an invitation. ...You see that we are renovating housing in preparation for her majesty's visit. Mutual visits like these have constituted, or will constitute, important events in the relations between our two countries.

I want to say with a little more emphasis that "fine" progress has been scored in relations between China and Britain. It should also be said that such progress is "extremely fine." In the political area, the implementation of the agreement on the Hong Kong issue has been marked with outstanding results. Its progress has been unusually smooth all along.

On the international scene, both Britain and China are nuclear states and are also permanent members of the Security Council. We have widespread and common interests in the world. On a number of major international issues, we share many common views and ideas between us. Development in this field is also quite satisfactory.

In the economic area, our cooperation can also be described as unusually satisfactory. The total volume of trade between the two countries last year was $1 billion based on Britain's statistics. China's statistics put it at $1.5 billion. Despite slight differences in statistics which indicate some imbalances, these small imbalances are nothing to worry about.

In such an important area as science and technology, things have also been unusually satisfactory since the signing of a science and technology agreement between our two countries in 1978. Both sides have carried out many exchanges, including the transfer of technology, the sale of products, and so forth.

In addition, we signed an agreement on cultural exchanges in 1979. We have talks on conditions for the implementation of the agreement every two years. Next month we are to hold talks in London.

At present China has about 1,200 students studying in Britain. The British side also trains many technical personnel and teachers for the Chinese side. I myself attach great importance to cultural exchanges. Progress in this respect is encouraging.

In conclusion, Ambassador Evans said that he hoped to say three things to Chinese readers through this magazine. First, the British Government and people will warmly welcome General Secretary Hu Yaobang's visit. Second, I myself and the embassy personnel have, from work experiences in the past few years, personally felt that myriads of Chinese people cherish a friendly and warm attitude toward us. This helps greatly toward the improvement of relations between the two countries and the understanding between the people of the two countries. Third, we hope that in future we can see more articles of high quality published in your journal. [as published]

French Ambassador Malo: A Special and Also a Normal Visit

Ambassador Malo, who had just returned from a visit to our country's Xizang and northwestern region, granted us an interview.

He said with great warmth: General Secretary Hu Yaobang's visit to France is a special and also a normal visit. It is special, because this is General Secretary Hu's first visit to Western Europe. It is normal, because this is an inevitable result of the development of relations between the two countries. Because of the particularly good relations between our two countries, since 1976 Chinese leaders have without exception first visited France on their trip to Western Europe. Since last year, the development of relations between the two countries has been especially satisfactory. General Secretary Hu's current visit will inevitably push the relations of friendly cooperation between the two countries to a new stage.

A review shows that there have been many exchanges of visits between the leaders of our two countries. For example, Mr. Deng Xiaoping visited France in 1975. President Pompidou visited China in 1973. Also, there were exchanges of visits involving President D'Estaing, President Mitterrand, Premier Zhao Ziyang and other leaders. General Secretary Hu Yaobang once met with some French leaders in Beijing. On his current visit to Paris, he will have a chance to meet them again. He can also get acquainted with many new friends, such as Prime Minister Chirac. Through making contacts, he will deeply understand that the French are willing to develop friendly relations with China. General Secretary Hu can also make clear his own views on China's open-door policy, which is a matter of great concern to the French. Thus, we can better understand the universally acknowledged achievements scored by China in carrying out the open-door policy.

There are no problems existing between China and France. As far as international problems are concerned, the two countries have quite identical views on such issues as in our approach to the two superpowers, independence, self-defense, disarmament, safeguarding world peace, South-East problems, relations between the East and the West, and so forth.

The permanent UN representatives of China and France constantly hold consultations on certain major international issues. The foreign ministers of our two countries have political talks every year, increasing mutual understanding. On economic, technical, scientific, cultural and commercial cooperation, there is a mixed committee, which also holds consultations every year.

In conclusion, Ambassador Malo said something about the SHIJIE ZHISHI magazine. He said warmly: This is an extremely good magazine. It enables Chinese readers to get acquainted with major world events and with conditions about world liberalization. This helps in China's realization of modernization. You have a glorious duty on your shoulders. I sincerely hope that you can make Chinese readers understand the relations between China and Western Europe, especially France. Your magazine has done a lot of work in promoting friendship between France and China. I think that in future it will do a still more perfect job.

In my opinion, Mr. Hu Yaobang's visit to France will arouse very great feelings among people. Many Chinese people have a relatively greater understanding of France's history. Special major historical events are known to almost everyone. Many of China's top-ranking leaders once studied in France. Among them are Premier Zhou Enlai, Foreign Minister Chen Yi, and so forth. Mr Deng Xiaoping with 5 years of study in France understands France still better. May I assume that when strolling through the streets of France, Mr Hu Yaobang would think of France's former history on his walk, with new feelings thus aroused him. I hope that the masses of readers can share such feelings through your esteemed journal.

Ambassador Fischer of the Federal Republic of Germany: There Is Much Scope for the Development of Cooperation

Ambassador Fischer said: We feel very proud that General Secretary Hu is visiting our country for the first time. He will have a chance to hold talks with our political leaders; to meet with representatives in economic, cultural and other fields; to acquire a deep understanding of our country's conditions in various fields; and to relish the sights of our beautiful streams and mountains.

We believe that on his visit the general secretary will see that our country is China's largest economic partner in Western Europe, is her traditional friend, and is a state where there is much scope for the development of cooperation with China.

In the 18 months since Chancellor's Kohl's visit to China, there has been quite large developments in the relations between our two countries. There have been many government exchanges and frequent exchanges of visits between top-ranking officials. It can be said that the two countries have close political ties and share the same views on many problems. We are both in favour of maintaining world peace, reducing conflicts and strengthening good and peaceful relations throughout the world. The above goals pursued by our two countries are not directed against anyone. We make joint efforts in stimulating superpowers' progress along the road to disarmament and urging them to achieve success in the Geneva arms control talks.

Our two countries show concern and willingness in stimulating the development of the impoverished countries in Africa, Southeast Asia and Latin America. In this respect, our country, your esteemed country and Third World countries can enter into tripartite cooperation and can do much.

Economic cooperation is a prod to the further development of the relations between the two countries. Our country is China's third largest trading partner after Japan and the United States. In February 1985, Chen Muhua, your then minister of foreign economic relations and trade, said that it was hoped that by 1990 the total volume of goods exchanged between the two countries could reach 10 billion marks. Last year, the volume of goods exchanged between us exceeded 8 billion marks. We are confident that this goal can be realized ahead of time.

The important thing is that we must help China expand exports and try to achieve a balance between imports and exports and try to achieve a balance between imports and exports by every means. To give the German public a better idea of China's products, China will participate next year as a partner in the largest exhibition in the world to be held in Hanover.

We are helping China in training technical forces. We have established several sites in China for the training of technical personnel in special fields. Next we will set up a training center in Tianjin. In addition, the federal government is offering more and more college scholarships. Some foundations and enterprises are also providing scholarship funds for Chinese students and graduate students. At present, the number of Chinese students studying in our country has reached 2,000. Among West European countries, our country has the largest number of Chinese students studying in it.

Our cultural cooperation also covers cooperation with the Academy of Sciences of your esteemed country. Cooperation not only concerns natural sciences but also involves social sciences. Our country's scientists have also come to China to carry out academic studies and exchanges and have achieved marked results. These exchanges have greatly promoted understanding between the people of the two countries. In this respect, we can say that there are boundless prospects, as a Chinese saying goes.

The development of mutual understanding and relations between our two countries helps strengthen the relations between Europe and China. The closer the two centers -- Europe and China -- get the greater the positive influence on world peace and stability.

Italian Ambassador Marras: The Rate of Growth Jumps to First Place in Economic Exchange With China

Ambassador Marras said: I firmly believe that General Secretary Hu Yaobang's current visit will definitely strengthen the extremely fine relations that have existed between Italy and China in various fields.

Italian President Pertini's visit to Beijing in September 1980 is the most significant and eloquent proof of Italy's interest in developing relations with China. We should also mention many other official visits between government officials and high-ranking figures of the two countries. For example, there was the visit by Premier Zhao Ziyang in June 1984, the visit by Italian Senator and incumbent President Cossiga, the visit to be made by General Secretary Hu Yaobang, and the increasing number of mutual visits between economic, cultural, scientific and technical delegations.

There is no difference of opinion between Italy and China in the political field. Especially on such issues as peace, relief of the tense situation, and security, our two countries have widely unanimous viewpoints.

On the economic relations front, people cannot help taking note of one outstanding fact. It is that the growth of Italy's economic exchanges with China ranked first in the former's developing exchanges with all its main economic partners in 1985. Economic exchanges between the two countries had reached $1.1 billion, an increase of 47.2 percent over the preceding year.

Beginning with the first agreement signed between the two countries in 1978, cultural, scientific and technical cooperation has become increasingly frequent. A comprehensive plan for exchanges has been introduced between important scientific research organs on both sides including visiting, joint participation in symposiums, and exchange of scholarships. As far as cultural exchanges are concerned, it should be said that the two countries have organized many exchange items with regard to drama, works of art, publications, films and music. These exchange items have, without exception, been hailed most warmly by people and have been marked with the greatest success.

China represents a most fundamental stabilizing factor in the global balance and can make cherished and valuable contributions toward wisdom and modernization for the benefit of mankind in the process of relieving the tense world situation. On the domestic front, China's leadership has adopted a great realistic and pragmatic policy in realizing the "four modernizations." Given full respect for mutual interests as a prerequisite, we are willing to make a proper contribution to China's economic and technical development.

The ambassador told the reporters with emphasis: During General Secretary Hu's visit to Rome and Venice, the local residents will express Italian feelings and affection for the Chinese through a rousing welcome. We are pleased to note that Venice has paired off with Suzhou, Florence with Nanjing, and Shanghai with Milan as sister cities. Lombardia has also established friendly relations with Tianjin. Mr. Hu Yaobang will fly to Venice and then take a special tour in a Venice pleasure boat, full of national characteristics. We firmly believe that this visit will be unusually successful.

ZHOU NAN DISCUSSES FUTURE OF MACAO

PM201446 Lisbon EXPRESSO in Portuguese 9 Jun 86 pp 1,24

[Joaquim Vieira report: "Chinese Vice Minister Tells EXPRESSO: 'China Will Not Alter Macao's Laws Or Way of Life'"]

[Excerpt] Chinese Vice Minister of Foreign Affairs Zhou Nan, who is to head the Chinese delegation at the talks with Portugal on the future of Macao, said in an interview with EXPRESSO that the territory's social and eocnomic system "will remain intact following its transfer to Chinese sovereignty, just as the laws and way of life in the enclave will remain basically unaltered."

The first round of talks is scheduled for the last week of this month in Beijing, and Zhou Nan revealed that the meeting will take place at the Diaoyutai State guesthouse, where the 1984 Sino-British talks on Hong Kong also took place and at which the Chinese delegation will be headed by the vice minister. "The two governments," he said, "will shortly be issuing a communique on the exact date of the start of the negotiations."

Zhou Nan said that Ramalho Eanes' visit to Beijing in May last year "contributed greatly to progress with regard to the Macao issue." At that time the two countries' leaders considered the time ripe for a solution of the problem.

According to the vice minister, a further step was taken with his visit to Portugal in March to attend Mario Soares' inauguration as president. "I had the chance to talk with the president, with Prime Minister Cavaco Silva, and with Foreign Minister Pires Miranda about the solution of the Macao issue," he said. "The talks were very cordial and harmonious, so I have the impression that the Portuguese leaders with whom I met are pledged to pursuing the guidelines and decisions of the previous president and prime minister on this matter. I exchanged opinions on a date for the start of the negotiations and the agenda, and we proved to share the same viewpoint."

Zhou Nan stressed that "China will resolve the Macao question in accordance with the idea of 'one country, two systems,' In other words, it will adopt the Hong Kong model in resolving the Macao question." He explained: "This means that while the socialist system will remain in Mainland China central government will maintain the capitalist system in Hong Kong and Macao once it regains sovereignty."

The vice minister refused, however, to discuss the territory's historical specifics (a factor cited by some Portuguese leaders as a factor to be taken into account in the negotiations), explaining that "the historical phase that caused the Macao question to arise relates to the Chinese people's national feeling: I prefer to adopt a forward-looking stance." He stressed, nevertheless, that in the negotiation process the Chinese Government will "consider Macao's specific characteristics, its similarities and differences with respect to Hong Kong, and also its status quo."

Zhou Nan, who is 59 and whose diplomatic career dates back to the 1949 Chinese revolution, declared himself "very optimistic about the future of negotiations," for three reasons: "The excellent ties of cooperation and friendship between the two countries since the restoration of diplomatic relations; the existence of a mutual agreement in principle on Macao's sovereignty; and previous experience acquired during the Sino-British talks on Hong Kong."

The Beijing government representative averred that "in the negotiations China will not underrate Portugal because it is smaller than Britain. We have always maintained that in international affairs all countries, great or small, are equal." He added that "relations between the two sides' negotiators are those of partners, not adversaries."

Zhou Nan declined to go into detail about the date for the transfer of Macao to China, the duration of the transitional period, the maintenance of the Portuguese cultural presence in the territory, or the survival of the gambling system, explaining that these were matters for discussion at the negotiating table.

With regard to the statement which EXPRESSO discovered was made to Ramalho Eanes in Beijing last year by the Chinese prime minister, who "considered it desirable for Macao's transfer to occur at the same time as the scheduled date for the recovery of sovereignty over Hong Kong" (1997), Zhou stated his "impression that the prime minister told the president that, broadly speaking, integration could occur simultaneously with that of Hong Kong."

ECONOMIC TIES WITH EUROPEAN COMMUNITY REVIEWED

OW240730 Beijing XINHUA in English 0649 GMT 24 Jun 86

["Round-up: EC-China Relations Develop Steadily — (by Zhuge Canglin]" — XINHUA headline]

[Text] Brussels, June 24 (XINHUA) — At the beginning of July, Jacques Delors, president of the Commission of the European Communities (EC), will visit China to promote trade, economic and technological trade cooperation between the EC and China. It will be Delors first visit to China and the third one by an EC Commission's President. Ray Jenkins and Gaston Thorn, formerly EC Commission chiefs, toured China in 1979 and 1983.

China-EC relations have developed smoothly since China established diplomatic relations with the European Economic Community in 1975. China believes strong relations with the EC are important and regards West Europe as a vital force to maintain world peace and stability. China also believes a united and strong Europe will contribute to safeguarding world peace and to developing an improved world economy. And, the EC sees China as an important force to maintain world peace and deter war.

In 1983, China completed establishing economic relations with all three groups of the EC -- the European Economic Community, the European Coal and Steel Community, and European Atomic Community. Later, it set up a periodical political consultation system with the organization. This was followed by Chinese Premier Zhao Zhiyang's 1984 visit to EC headquarters in Brussels.

The EC has become China's third largest trading partner, behind Japan and Hong Kong. Last year, the value of EC-China trade reached 8 billion U.S. dollars, a jump of 5.6 billion from 1975. Imports from the EC constitutes 11.9 percent of China's total import, higher than what it gets from the United States. China signed 60 import contracts, worth 120 million U.S. dollars, with more than 200 companies from EC members during China-EC trade week in Brussels in late 1985. MOre than 50 letters of intent for investment also were signed.

Since 1981, about 60 scientific and technological projects between the EC and China have been signed, ranging from sensor technology to the prevantion of tropical diseases. The biggest project has been to develop new forms of energy at Da Chen Island, Zhejiang Province. China and the EC are studying the uses of wind energy, tidal energy and solar energy and how they can be applied to generate power for the island.

China also has strengthened relations on a individual basis with each of the 12 EC members and set up dozens of joint ventures. Although China and the EC say they are satisfied with the development of their relations, both believe there is room for growth in trade, economic and technological fields. China hopes West Europe will view cooperation with China on a long term and take positive measures, such as increasing imports and investments, to develop their ties on a steady course.

SFRY'S DIZDAREVIC ON COMING ZHAO ZIYANG VISIT

OW200558 Beijing XINHUA in English 0156 GMT 20 Jun 86

["Yugoslav Foreign Minister on Upcoming Visit by Zhao Ziyang (by correspondent Yang Dazhou)" -- XINHUA headline]

[Text] Belgrade, June 19 (XINHUA) -- Yugoslav Foreign Minister Raif Dizdarevic today said that during the upcoming visit by Chinese Premier Zhao Ziyang, the two countries' leaders will focus on economic ties. At the first press conference given by a Yugoslav foreign minister in two years, Dizdarevic said that in addition to discussing international issues, Yugoslav and Chinese leaders will try to find ways to expand cooperation in various fields, though they are not expected to sign any major agreements or documents. The Chinese premier is scheduled to visit Yugoslavia early next month.

Dizdarevic said that since the U.S.-Soviet Geneva summit last year, the international situation has deteriorated rather than improved with both superpowers still firmly engaged in the arms race. He said that the failure of both Moscow and Washington to reach an arms control agreement will eventually lead to a new round of runaway military competition.

Explaining Yugoslavia's position on the election of former United Nations Secretary-General Kurt Waldheim as Austrian president, Dizdarevic said Waldheim was elected by the people, and that it is in Yugoslavia's best interest to develop good relations with Austria.

Dizdarevic said relations with Albania have not improved, despite the efforts made by Belgrade. He accused Albania of continuing to spread propganda and advocating stands that make it impossible to better relations.

LEAGUE OF COMMUNISTS OF YUGOSLAVIA BEGINS CONGRESS

Zarkovic Lists Tasks

OW200815 Beijing XINHUA in English 0638 GMT 20 Jun 86

[Text] Belgrade, June 19 (XINHUA) -- Only a unified, strong Yugoslavia can overcome economic difficulties, Yugoslav leader Vidoje Zarkovic told Yugoslav radio-television today. Speaking of the tasks of the 13th League of Communists of Yugoslavia Congress which opens in Belgrade on June 25, Zarkovic, who is LCY's Central Committee president, said his committee will focus on developing socialist self-management, enhancing the unity of the Yugoslav community and the League of Communists, combating extensive economic activity, and overcoming "polycentric statism". He noted that as an organization of the working class, the League of Communists must strengthen its own unity on the principles of democratic centralism. The LCY's weakest point is its lack of cohesiveness in implementing policies, Zarkovic said. He warned that "polycentric statism" had grown stronger in recent years in socio-political communities of all levels. And he said "polycentric statism" clashes with the principles of self-management, thus threatening the unity of the country and of the LCY.

Zarkovic concluded by saying that the period between the 13th and 14th LCY Congresses could be one in which Yugoslavia leaves its economic crisis by realizing dynamic development under stable conditions.

Leader's Report Cited

OW232127 Beijing XINHUA in English 1933 GMT 23 Jun 86

[Beijing XINHUA in English at 2332 GMT on 23 June kills the following item]

[Text] Belgrade, June 23 (XINHUA) -- Vidoje Zarkovic, president of the Central Committee of the League of Communists of Yugoslavia (LCY), said today Yugoslav Communists have won magnificent results in the postwar development of Yugoslavia. In a report to the 13th Congress of the LCY, Zarkovic said, since 1945, Yugoslavia has developed and strengthened as a fraternal, socialist and self-managing federal community, which ensures its citizens, nations and nationalities full economic and political and national assertion and equality.

During the period between 1947 and 1985, Yugoslavia's volume of industrial production increased 17 times, and the number of employed in the social sector by more than five times. The areas of education, health welfare, culture and scientific research have grown and have been improved.

In the international arena, Zarkovic said, Yugoslavia has contributed greatly to the struggle for peace and equality in international relations and has become one of the factors of stability in the world. Zarkovic said, "We belong to the innermost circle that originated the idea and policy of non-alignment, to whose assertion and development we have made a lasting and generally recognized contribution."

Analysis Views Party Congress

OW220028 Beijing XINHUA in English 0006 GMT 22 Jun 86

["News Analysis: New Challenges Face Yugoslav Party Congress" (by Li Daijun) -- XINHUA headline]

[Text] Belgrade, June 21 (XINHUA) -- The upcoming 13th National Congress of the League of Communists of Yugoslavia (LCY), scheduled on June 25, is expected to strengthen the socialist self-management system and to examine ways to overcome the country's economic difficulties.

Since the last LCY Congress four years ago, the changed international situation poses new challenges to the country as Western capitalist countries tighten their control of the world market. The rapid development of new technology in the world makes it urgent for Yugoslavia to develop its economy and science on its own.

In recent years, many socialist countries have undertaken economic reforms. Yugoslavia, which pioneered the road to socialist self-management as early as the 1950s, is now challenged by the task of further implementation of the reforms.

Yugoslavia achieved great success during the 1960s and the 1970s. Its economic growth rate was among the highest in Europe in the 1970s, and the people's living standard improved greatly. However, with the decentralization of the federal power to individual republics, a unified market has broken down and regionalism has grown stronger. The federal government's control of the national economy has also weakened.

In addition, shortcomings in economic planning, such as over-investment and a consumer growth that outpaced production, added to the difficulties. Therefore, Yugoslavia underwent an economic stagnation in the 1980's. The inflation rate has topped 80 percent, the number of unemployed has risen to 1.1 million and the foreign debt exceeds 20 billion U.S. dollars. Overcoming the current economic difficulties is the nation's most urgent task.

Recently, during a nation-wide debate on the country's economy and political system, which lasted over a year, and during a series of preparatory LCY congresses at the republic level, there have been calls for sticking to and further development of the socialist self-management system and for reforms which should contribute to national unity and the overall interest of the country.

The 13th League Congress is likely to focus its deliberations on domestic issues, especially economic difficulties. But, will the reforms be drastic, or will they mean merely to modify the existing institutions? Signs are that the reforms will not be dramatic and that the 13th League Congress will probably chart a guideline of centralization based on socialist autonomy. It is expected to stress the importance of unity and integrity of the nation, strengthen the role of the federal government and oppose regionalism. The congress may also stress the role of the league as the vanguard of political change in the country.

At this congress, a new generation of intelligent and competent young people will assume leadership. The Yugoslavs stake a lot on this congress which, they hope, will mark a turning point in the national economy.

Xi Zhongxun, Delegation Arrive

OW240420 Beijing XINHUA in English 2341 GMT 23 Jun 86

[Text] Belgrade, June 23 (XINHUA) -- The Chinese Communist Party delegation led by Politburo member Xi Zhongxun arrived here today to attend the 13th Congress of the League of Communists of Yugoslavia (LCY) which is due to open on June 25.

Xi and his delegation were greeted at the Belgrade airport by LCY Central Committee member Spiro Galovic and other Yugoslav officials. Xi told Galovic that his delegation has come to extend the greetings of the Chinese Communist Party to the LCY on the convening of its 13th Congress. "We hope to learn from your experiences and to exchange views with the party delegations from other countries," Xi added.

Galovic told his guest that more than 100 foreign party delegations will be attending the 13th LCY Congress and that LCY President Vidoje Zarkovic will receive the Chinese delegation.

Xi Hails Party Congress

OW250028 Beijing XINHUA in English 2355 GMT 24 Jun 86

[Text] Belgrade, June 24 (XINHUA) -- The close relationship between Chinese and Yugoslav Communist Parties has been forged on the basis of true independence, equality, mutual respect and non-interference, a top Chinese party official said here today.

Politburo member Xi Zhongxun, who is heading a party delegation to attend the 13th Congress of the League of Communists of Yugoslavie (LCY), said in a television interview that the 13th LCY Congress is a historic event in the political life of Yugoslavia and he has brought warm greetings to the congress from the Chinese Communist Party. He expressed the belief that under the LCY leadership, the Yugoslav people will continue to advance victoriously along the path charted by the late President Josip Broz Tito.

In the world today, Xi said, communist parties of various countries are exploring a road of revolution and construction that conforms to the conditions of their individual countries. In this endeavor, socialism will inevitably encounter difficulties of one kind or another but will eventually triumph over all of them, he emphasized.

YAO YILIN MEETS CZECHOSLOVAK POWER MINISTER

OW191120 Beijing XINHUA in English 0956 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) -- Vice-Premier Yao Yilin said today that china and Czechoslovakia may carry out cooperation and exchanges in the fields of power station construction and coal production. At a meeting with Vlastimil Ehrenberger, minister of fuel and power of Czechoslovakia, Yao said that China will send experts to study the coal and power industries in Czechoslovakia. Yao also hoped that the two countries will expand their cooperation in trade and the economy.

HUNGARIANS MEET GU MU, SIGN TOURISM PACT

OW231120 Beijing XINHUA in English 1102 GMT 23 Jun 86

[Text] Beijing, June 23 (XINHUA) -- State Councillor Gu Mu met a government tourism delegation from Hungary led by Imre Vincze, vice-minister of commer, here today. They discussed bilateral cooperation on tourism. This afternoon, a protocol on Sino-Hungarian 1986-1987 tourism cooperation was signed here.

PRC, GDR SIGN GEOLOGY COOPERATION AGREEMENT

OW210432 Beijing XINHUA in English 0049 GMT 21 Jun 86

[Text] Berlin, June 20 (XINHUA) -- An agreement for cooperation in geology from 1986-1988 was signed today by the ministers of geology of China and Democratic Germany, Zhu Xun and Manfred Bochmann. During the visit, the first vice chairman of Democratic German Council of Ministers Alfred Neumann met with Zhu, who arrived here on June 14. Both sides stressed that the two countries will develop economic cooperation, in particular in geology and extraction of mineral raw materials. The Chinese minister will leave tomorrow for France.

PERUVIAN PRIME MINISTER DEPARTS FOR HOME

OW191706 Beijing XINHUA in English 1423 GMT 19 Jun 86

[Text] Shenzhen, June 19 (XINHUA) — Luis Alva Castro, chairman of the Council of Ministers of Peru, his wife and their party left here for home via Hong Kong this afternoon after winding up their seven-day official visit to China.

Before their departure, Ai Zhisheng, chairman of the Chinese Government's Reception Committee and minister of radio, film and television, conveyed to Alva and his wife regards from Chinese Premier Zhao Ziyang by a telephone call from Beijing.

Zhao said Alva's visit enhanced the mutual understanding and friendship not only between the peoples of China and Peru but their leaders. It will also have an impact on the development of bilateral friendly relations and cooperation between the two countries, he added.

Alva expressed his thanks and expressed the hope that the bilateral economic and trade cooperation would further develop. The Shenzhen City Government held a banquet in honor of the Peruvian guests at noon today.

NEWS ANALYSIS VIEWS ARGENTINE 'AUSTRAL PLAN'

OW150104 Beijing XINHUA in English 0043 GMT 15 Jun 86

["News Analysis: A Year of the Austral Plan in Argentina" (by Ke Daan) -- XINHUA headline]

[Text] Buenos Aires, June 14 (XINHUA) -- Argentina's year-long program of imposing severe economic austerity has achieved some notable success but also has been met with criticism at home.

On the one hand, the plan, called the austral plan after Argentina's new currency, has reduced the country's inflation dramatically -- from 1,705 percent to 30 percent and has been lauded by some economists as an acceptable experiment for developing countries. But while curbing inflation, the plan has not fueled the economy in the way government sources had predicted. Yesterday's 24-hour general strike, the latest in four such protests called by the General Labor Confederation (CGT), disrupted business activity across the country.

The problem is that the drop in inflation has not translated into any significant increase in capital investment.

Economy Secretary Adolfo Canitrot himself has said that the business sector has shown "a generalized lack of confidence" and that the extreme caution shown by industry has resulted in the government's "unfavorable position." However, a majority of Argentines consider the austerity plan has played a positive role in the economic readjustment of the country. The plan's successes include: a spectacular drop in the inflation rate, a reduction in the budget deficit, an increase in tax collection, a curbing of the economic recession, and the renewal of confidence by international financial organizations.

The budget deficit dropped from 15 percent of the gross domestic product in the 1981-1983 period to 4.1 percent in 1985. Tax revenues in the first four months of this year increased by 46.7 percent in real terms over the same period last year. Nearly all economic sectors, with the marked exception of agriculture and construction, have recovered in varying degrees. In the last quarter of 1985, industrial production increased by 13 percent in comparison with the previous quarter, and, in the first quarter of this year an increase of 5.6 percent was recorded.

But despite these accomplishments, the government under President Raul Alfonsin has been sharply criticized for implementing the austral plan, especially by labor. Not only have general strikes been organized but CGT representatives have refused to cooperate in important wage and price control talks.

Some observers here say that to convince its critics that the plan is working, the government must take immediate measures to increase exports. A 30 percent drop in the price of cereals on the international market, the unprecedented subsidies for agricultural products in developed countries and the poor Argentine harvest this season caused by adverse climatic conditions could mean a drop in export revenue of about one billion U.S. dollars this year. And to get its economic going, Argentina must import more which will undoubtedly cause a significant decrease in its trade surplus. Indeed this surplus has already been reduced by 37 percent during the first quarter of this year.

The government also wants to increase investment and speed up the privatization process. Capital investment in production five years ago made up 20 percent of the GDP and now only 11 percent. The austerity measures have not brought an increase in investment because such a great portion of the country's resources has been earmarked for foreign debt payments.

Other immediate tasks facing the government include the proper management of price policies and further controlling inflation. During the March-May period of this year, the average monthly inflation rate was four percent, a little higher than in previous months. According to experts, this slight price increase reflects the government's intention to change its policy of price freezes to that of controlled, slightly flexible prices.

But the most difficult and imminent task facing the government will be to improve its relations with the country's employers and trade unions. The entrepreneurs are not happy with the price freezes and tax increases which have been imposed, and the CGT, the most important labor organization in the country, denounces the austral plan as an instrument of international profiteering groups. The CGT insists that the austerity measures sacrifice the interests of the people.

The austral plan has now entered its second phase. The Argentines who have lived for more than 10 years with recession are following the economic situation with great attention. Argentine newspapers frequently publish long articles analyzing the country's economic evolution. Comments and discussions about the austral plan can be heard everywhere. Argentines cherish strong hopes for the future of their country's economy. While the austral plan has so far achieved some success, healthy economic development remains a great and difficult challenge.

NPC STANDING COMMITTEE HOLDS JOINT GROUP SESSION

Peng Zhen Speaks

OW250547 Beijing XINHUA Domestic Service in Chinese 1252 GMT 24 Jun 86

[Text] Beijing, 24 Jun (XINHUA) -- Deputies attending the 16th meeting of the 6th NPC Standing Committee had a spirited discussion on the revised drafts of the land law and the regulations governing punishment for public security offenses at today's joint group session.

Chairman Peng Zhen spoke at the joint session.

Song Rufen, vice chairman of the NPC Law Committees, explained the changes to the draft land law. Shen Hong, vice chairman of the Law Committee, explained the changes to the draft regulations government punishment for public security offenses. Wu Bo, vice chairman of the NPC Financial and Economic Committee, gave a report on the committee's examination of the 1985 final state accounts. He told the session that the Financial and economic committee approved the 1985 final state accounts. Members of the NPC Standing Committee discussed the two revised drafts.

Wu Bo also reported on the handling of a motion raised by 57 Standing Committee members during the 14th meeting of the NPC Standing Committee last January. He said: The State council and Premier Zhao took the motion seriously and decided last March to increase investment in education by 650 million yuan. At the proposal of the state Planning commission and the Ministry of Finance, the state council recently decided to allocate another 650 million yuan as a special central fund for local governments to support normal school and compulsory education during the seventh 5-Year Plan. The additional fund for education now stands at 13 billion yuan. The increased funds will be used in improving normal education, training primary and middle school teachers, and building educational facilities. A portion of the fund may also be used to repair dangerous school buildings in poorer areas.

Wu Bo said: To speed up the renovation of dangerous school buildings and safeguard teachers and students' safety, the General Offices of the CPC Central Committee and State Council, acting on Premier Zhao's sugggestion, have issued a circular asking various localities to conduct a comprehensive survey of the dangerous school buildings in their areas and to adopt effective measures to repair and renovate them. The goal is to resolve its problem in 2 or 3 years.

Chairman Peng Zhen focused his talk on education. He said: Deputies and standing committee members of the Sixth NPC have made more proposals on education than on other subjects. They have made proposals in two areas -- legislation and budget. Since the 57 members of the Standing Committee presented their motion on increasing educaional budget, the NPC Fiancial and Economic Committee and the Education, Science Culture, and Public Health committees have done a lot of work. The State Council and Premier Zhao Ziyang took the matter seriusly. The result was the increase of the educational budget by 1.3 billion yuan.

Peng Zhen said: We should promote development and the building of a legal system simultaneously. Production and education are very important in building the socialist material and spiritual civilization.

Production, however, comes first. If production fails, there will be nothing left for others. On the other hand, if education fails, the socialist material and spiritual civilization will suffer.

Peng Zhen said: We must try our best to resolve the issue of educational budget. How to resolve this issue? The State Council has done its best under the present budgetary restraints to come up with such a sum of money for education. Education involves two issues -- One is to raise the education standards, the other is to make education universal. The national budget aims mainly to resolve the question of education standards, including improving normal education and subsidizing backward and poor areas. Making education universal relies mainly on the localities. It is necessary to fully rely on local human, material, and financial resources. Some provinces, cities, and counties which give priority to education have done their part.

Peng Zhen said: The question of dangerous school buildings must be resolved. The PCC Central committee and the State Council have issued circulars on this question. Local governments should set a deadline to resolve the question. We must not let our children study in dangerous buildings. Peng Zhen cotiued: The city differs from the country in resolving the question of dangerous school buildings. The city relies mainly on financial appropriations while the country relies on the efforts of the masses. the masses are enthusiastic about promoting education. The question lies in the party committee, the People's Congress, and the government, which must attach due importance to education. Peng Zhen said: In short, the whole nation should work to promote education and resolve the problems. If we do so, there are bound to be results.

The joint group session was presided over by Vice Chairman Peng Chong. Lin Yishan, Wu Juefu, Mo Wenhua, Giu Weifan, Lei Jieqiong, Ma Wanqi, Lin Liyun, Pei Changhui, Xu Dixin, Lin Yueqin, Yang Liong, Xue Yan, and Hong Peilin spoke at the session.

Wang Meng Named Culture Minister

OW250805 Beijing XINHUA in English 0748 GMT 25 Jun 86

[Text] Beijing, June 25 (XINHUA) -- 51-year-old author Wang Meng today takes over as minister of culture from 69-year-old Zhu Muzhi.

On nomination of Premier Zhao Ziyang, the appointment was made at the 16th meeting of the Sixth National People's Congress Standing Committee which closed here this afternoon.

A prolific writer who suffered frustrations, Wang joined the Chinese Communist Party at the age of 14. He was wrongly labelled a "rightist" in 1957 a year after publication of his book "The New Young Man of the Organiztion Department". It was an attack on bureaucracy in party work and is now regarded as one of the finest short stories since new China was founded in 1949.

Since the wrong was redressed and his literary career resumed in 1979, he has published short stories and essays totalling more than 2.5 million words. These include "The Most Precious", "Devoted Heart" and "Sound of Spring" which were voted the country's best writings in a 1977-1979 natiowide poll.

Wang is now also vice-chairman of the Chinese Writers association and editor-in-chief of PEOPLE'S LITERATURE.

Land Management Law Adopted

OW251015 Beijing XINHUA in English 1002 GMT 25 Jun 86

[Text] Beijing, June 25 (XINHUA) -- The 16th meeting of the Sixth National People's Congress Standing Committee closed here this afternoon. The meeting adopted the "Land Management Law of the People's Republic of China", which will become effective as of January 1, 1987.

The 57-article law has specific provisions on land ownership and the right to land use, land utilization and protection, land to be used for national and local construction, and related legal responsibilities. Final state accounts of 1985 put forward by the State council and a report on the accounts made by Minister of Finance Wang Bingqian were also approved. The meeting also made a few appointments.

Nuclear Power Policy Examined

OW241445 Beijing XINHUA in English 1402 GMT 24 Jun 86

[Text] Beijing, June 24 (XINHUA) -- China should develop nuclear power step by step in the light of world energy trends and China's own circumstances, while actively developing coal and hydroelectric power.

Members of the National People's Congress (NPC) Standing Committee made these remarks when examaining China's nuclear power policy at the ongoing 16th Session of the NPC Standing Committee.

Xu Dixin said that the development of nuclear power, a supplement to coal power, can help save coal and keep the ecological balance, and benefit the economy greatly if safety is guaranteed.

Deputy Li Gui said that it is quite difficult for China to tackle the energy shortage only by developing coal and hydroelectric power, although China is rich in coal and water reserves.

Li suggested priority to be given to southeast China, which has relatively well-developed industry, in developing nuclear power to ease the power shortage there and lay a foundation for future development.

Deputy Xiong Fu said safety and quality should be stressed in developing nuclear power. To ensure nothing goes wrong, Xiong added, great efforts should be made to introduce up-to-date technology and strict management, and hire competent staff.

Deputy Yan Yiquan described the development of nuclear power as a key strategy in China's modernization program. Efforts should be made to educate the public to dismiss their fears about nuclear power development. Deputy Mamtov Kurban said that the nuclear power industry is a developing one and its growth can help update China's science and technology.

Bankruptcy Law Urged

OW241028 Beijing XINHUA in English 0933 GMT 24 Jun 86

[Text] Beijing, June 24 (XINHUA) -- Members of the National People's Congress Standing Committee said today an enterprise bankruptcy law would make an important contribution to China's economic reform.

At a meeting of the leading group of China's parliament, members said a bankruptcy law which made economic failure a real possibility would lead to improved management of state-owned enterprises. Most also argued that while the law is urgently needed, it should not be hastily prepared.

Xue Yan, vice-chairman of the Guangdong Province People's Congress Standing Committee, said he wanted a law passed "as early as possible" to assist the province in dealing with its growing number of enterprises with foreign participation.

Economic Xu Dixin said that the proposed law would protect state property from continuing mismanagement and eliminate the phenomenon of "eating from the same pot" -- a Chinese expression for sharing economic benefits despite substandard performance.

Wu Zhichuan, vice-chairman of the Zhejiang Province People's Congress Standing Committee, argued that despite the need for the law, "the time is not ripe to issue it." Wu called for a trial regulation until enterprises are given a freer hand in their own management. "The way it is now, an enterprise could fail for many reasons having nothing to do with bad management, such as government price controls and tax policies," he said. Standing Committee members also suggested that to work well a bankruptcy law should be accompanied by other needed legislation, such as an industrial enterprise law, a joint-venture enterprise law, a state-owned enterprise law, a collectively-owned enterprise law, a labor service law and a social insurance law.

JINGJI CANKAO on Bankruptcy Law

HK250403 Beijing JINGJI CANKAO in Chinese 21 Jun 86 p 6

"Discussion and Deliberation" column by Sun Yunling: "Establish the Enterprise Bankruptcy System, Improve the Enterprise Behavior Mechanism" -- capitalised passage published in boldface]

[Text] The so-called bankruptcy system contains two basic meanings: first, enterprises go bankrupt in order to pay their debts; second, they go bankrupt through a shake-out. In the first sense, the bankruptcy system is one under which a commodity dealer being unable to repay its outstanding debts, handles its debt dispute by going bankrupt. In this way, the legitimate rights and interests of creditors and debtors are ensured and normal social and economic order is preserved. In the second sense, the bankruptcy system is a method of handling the results of competition among commodity producers. It is a legal guarantee for realizing the principle of selecting the superior and eliminating the inferior. Without a bankruptcy system, the principles of assuming responsibility for one's own profits or losses and of selecting the superior and eliminating the inferior will always be empty talk and will not be implemented.

If the state no longer acts an an enterprise protector, the enterprises will genuinely have to be responsible for their own decisions, assuming responsibility for both losses and profits and prudently carrying out their investment activities in line with the needs of production. The fact that a handful of enterprises go bankrupt is sufficient to develop a strong psychological pressure, which forces other enterprises to automatically control their investment and consumption demands and to rationalize their behavior.

ONLY BY SETTING UP AN ENTERPRISE BANKRUPTCY SYSTEM CAN WE COMBINE POWER WITH RESPONSIBILITY AND PERFECT THE ENTERPRISE BEHAVIOR MECHANISM

Extending the decion-making power of enterprises is an important step taken in our economic reform. However, the reform practice over the years has proved that extending the decision-making power of enterprises alone cannot ensure the rationalization of enterprise behavior. This is because, despite its various contradictions and defects, the traditional economic structure is nevertheless a unified entity, having its own unique operational logic, trends, and laws. Within this entity, whichever aspect we change, even its most important aspect, will be able to completely eliminate the defects of the old system. On the contrary, it will result in a lack of coordination between the part and the whole, very probably making the economic operations even worse. The issue here lies in the fact that, while restrictions on enterprises are lifted, they are still being protected, and that, while power is delegated to enterprises, they do not have to undertake any risk. As a result, certain enterprises abuse their power and deviate from the target of our reform. The excessive increase in consumption funds and the excessive scale of investment in fixed assets during the period of reform are more or less related to this issue. The institution of the bankruptcy system is an indispensable supporting condition for extending the decision-making power and is an integrated form of combining power with authority.

ONLY BY COMBINING INTEREST AND RISK CAN WE INCREASE THE CAPABILITY OF ENTERPRISES TO CONTROL THEMSELVES

The key problem affecting the behavior of socialist enterprises lies in the establishment of a self-control mechanism in the enterprises so that, while deriving benefits, the enterprises should also undertake some necessary operational risks. If the bankruptcy system is instituted, the workers and staff members will not be indifferent to the future of the enterprises particularly if their profit bonus is zero. This is because the workers and staff members have linked their future with that of the enterprises.

In my view, benefits and risks are the source of enterprise motivation and the necessary conditions for invigorating enterprises. As far as commodity producers are concerned, it is a complete system of motivation. If there are only benefits but no risks, the enterprises will probably seek the maximum immediate interests at the expense of their future interests. They will certainly be eager for quick success and instant benefits and become shortsighted. Therefore, the enterprises behavior mechanism can be perfected only by giving full play to the role of benefits and risks. The establishment of the bankruptcy system is also an indispensable supporting condition for perfecting the system of motivation of enterprises. It is also a necessary form for combining benefits and risks.

ONLY BY COMBINING EXTERNAL WITH INTERNAL CONDITIONS CAN WE ENSURE RATIONALIZATION OF ENTERPRISE BEHAVIOR

Both the economic means adopted to exercise macrocontrol and the economic levers applied to readjust economic operations are the external factors for rationalizing enterprise behavior, while the establishment of a bankruptcy system is the internal factor that conditions enterprise behavior and increases the capability of enterprises to control themselves. Controlling and readjusting the external conditions are undoubtedly very important to ensuring the smooth operation of the economy as a whole and coordinating the proportional relationships. However, the external conditions are insufficient in themselves. Only by combining external with internal conditions can we attain the expect results. Take the control of consumption demand as an example. Given the restriction of a soft budget, the workers and staff members of enterprises demand higher and pay and the leaders of enterprises also have a desire to increase their income. The common demand or desire will inevitably make the enterprises vie with each other in issuing unwarranted allowances in cash or kind regardless of their practical conditions in operation. In order to solve this problem, in addition to tightening macrocontrol over the total amount of consumptions funds, the state should also make readjustments by applying such economic levers as collecting the bonus tax. It should be noted, however, that relying on control and readjustment by external conditions alone will not be able to fundamentally solve the problem of a strong consumption inclination. Only by establishing the bankruptcy system is it possible for enterprises to proceed from their own overall interests and to conscientiously restrict their consumption demands, thus gradually rationalizing the consumption inclination. In the course of investigation, we discovered that 81 percent of the people held that, following the establishment of a bankruptcy system, the enterprises will conscientiously reduce their consumptive expenditures and increase their investments in technological transformation and equipment.

Controlling the investment demand of enterprises can also be carried out in the same way.

The establishment of a bankruptcy system is not only the objective demand of a transformation from a highly centralized product economy to a planned commodity economy but also the inevitable trend of the deepgoing development of the reform of the economic structure. It is bound to bring profound changes in China's economic life.

FORUM SPEECHES MARK 'DOUBLE HUNDRED' ANNIVERSARY

He Kuang on Freedom

HK241041 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

[Excerpts" of speech by He Kuang at forum to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economics Institute of the Chinese Academy of the Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "Freedom of Creation, Freedom in Academic Work and the Double Hundred Policy"]

[Text] The policy of letting a hundred flowers blossom and a hundred schools of thought contend, which was put forth by our party as a basic principle guiding the work in the domain of literature and art as well as science, is actually a great creation. The policy enjoyed immense popular support when it was put forth, but good times did not last long. As a matter of fact, the policy was abolished for a long time and existed more in name than in reality. Today when we observe the 30th anniversary of the policy, we must earnestly draw the historical lesson as a warning.

In drawing the historical lesson, the article by Comrade Yu Guangyuan, which was published in RENMIN RIBAO on 16 May, cited four reasons contributing to the abolition of the double hundred policy. In my opinion, his analysis is clear-sighted. Now let me briefly discuss how to understand freedom of creation and freedom in academic work.

Making a comprehensive survey of the cultural development of mankind in modern or ancient times, in China or elsewhere, we may clearly see that advocating freedom of creation and freedom in academic work is the only way to promote progress in the arts and sciences.

Through the ages, an artist or a scientist (including the natural and social sciences) has not been able to develop his creativeness and make contributions to society unless he has asserted freedom in creation and academic work in practice and ideologically. Otherwise, his creative potential would tend to dry up and his natural talents would accomplish nothing. If a nation, a country, and an era has a good social environment for freedom in creation and academic work, many talented artists and scientists will shine forth in the arena of art and science. Otherwise, many gifted people will be stifled, and those who could gain emminence under favorable conditions are as scarce as the morning stars (the dark middle ages in Europe can be regarded as a typical example in this aspect).

Now that freedom of creation and freedom in academic work are so closely bound up with the cultural development of mankind, then what on earth is freedom of creation and freedom in academic work?

In my opinion, at present, people do not have a correct understanding of freedom of creation and freedom in academic work in two aspects.

One is that some people understand that freedom will cause people to go off into wild flights of fancy, to shoot off their mouths, and to do as they please. If freedom is so comprehended, then advocating freedom in creation and academic work will be desperately serious, the ideology of the whole society will be in chaos, there will be no political stability and unity, and the people will not be able to work for socialist modernization with one heart and one soul. People who have such an understanding of freedom are actually panic-striken by freedom and turn pale at the mere mention of freedom.

The other is that some people understand that those who do not have Marxist world outlook, do not have a good grasp of Marxism, and do not know to observe and analyze problems with the Marxist stand, viewpoint and method have no right to talk about freedom of creation and freedom in academic work. People who have such an understanding of freedom equate the concept of freedom in philosophy with the concept of freedom in literary creation and academic work. At the same time they hold that one cannot probe into objective law before one understands it. They sing loudly about freedom but they actually see freedom as unattainable.

These two understandings are in essence negating the necessity for creation and academic freedom from two different extremes, paying lip service to acknowledging it, but actually eliminating creation and academic freedom.

To my mind, the so-called creation and academic freedom is actually acting independently and keeping the initiative in the observation, thinking, exploration and creation of an artist or scientist. He shows respect for the knowledge already in existence, and regards the knowledge he has acquired as the starting point for further explorations, but not as an unsurpassable peak. He shows respect to and learns from the authorities in art and the academic field, but does not worship them blindly, nor throw himself on his knees before them, not daring to surpass them. He is in pursuit of the true, the good and the beautiful, and in search of truth, but he will never succumb to external pressure (whether it is from religious authority, monarchical, or whatever power), and he will stand the test of temptation of whatever power and interests. He is not to be subdued by force; wealth and rank will not turn him down, and straigtened and humble circumstances cannot move his faith.

The correctness of the double hundred policy lies precisely in the fact that it is based on such freedom in creation and academic work, and that it has created the best social environment for such freedom. We may say that without such a social environment for creation and academic freedom, the double hundred policy will be, in essence, abolished.

In order to adhere to the double hundred policy, it is imperative to resolutely advocate, encourage and safeguard creation and academic freedom.

He Jianzhang on Social Sciences

HK241300 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpts" of speech by He Jianzhang at forum to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economic Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "Adhere to the Double Hundred Policy, Develop Social Sciences"]

[Text] The double hundred policy, presented in 1956, was actually implemented after the 3d Plenary Session of the 11th CPC Central Committee. Now it seems that the implementation of this policy has encountered numerous obstacles. The reasons for such a situation can be summed up as follows:

1. Marxism was regarded as a solidified and closed system. The terms never mentioned in the books were not to be quoted, otherwise, it would be heterodoxy. The research results and methods of bourgeois scholars were all declining reactionary stuff which should be totally negated and not used as reference; to do so would be tantamount to bourgeois liberalization. Lenin's idea of critically assimilating the theoretical achievements of predecessors, including bourgeois scholars, was even regarded as suitable to the freely competitive capitalist era and not to the stage of monopoly capitalism or socialism.

2. Patriarchal behavior and monopoly of theoretical forums: Some comrades realized that Marxist theory is revolutionary and critical and that it should be further developed. Nevertheless, they confined the task of developing Marxism to leaders and a few theoretical authoritarians. Regarding the broad ranks of theoretical workers and the masses, their tasks were to comprehend and explain the speeches of the leaders and authoritative persons.

3. Distrust of intellectuals: Although the CPC Central Committee declared long ago that intellectuals are a component part of China's working class, the spirit of "bourgeois intellectuals" still created mischief in the minds of some people. If the speeches of intellectuals differed from theirs or went beyond the limits they set, they would become extremely nervous, regard it as "a new tendency of class struggle," and launch mass criticisms.

In order to genuinely implement the double hundred policy, it is necessary to create a fine social environment. We should look upon Marxism as a revolutinary, critical, and open scientific system. According to the principle "practice is the sole criterion of truth," we should have the courage to break with certain outdated conclusions and assimilate the outstanding cultural achievements of human society, including the scientific views and methods of bourgeois scholars. We must uphold the principle of equality before truth and oppose the practices of intimidating people with power and influence. We must trust the broad ranks of intellectuals. Instead of hastily drawing conclusions and interferring by administrative means, the differing academic views should be repeatedly examined in practice. Naturally, academic criticism is necessary and should be proposed, but we should also allow countercriticism and let scholars have reservations.

Zhao Renwei on Study Styles

HK241143 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpts" of a speech by Zhao Renwei at the forum to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economics Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "Correct the Style of Study, Initiate Contention"]

[Text] Over the past 3 decades, the double hundred policy has traversed a zigzag path in its implementation. Today, we should sum up our past experiences and lessons and create a favorable condition for the implementation of the double hundred policy. Here, I would like to air my personal views from the angle of correcting the style of study and improving academic administration.

First, it is necessary to create a harmonious atmosphere and environment for academic discussions. When holding academic discussions, all of us should obey the truth and uphold the principle that all people are equal before the law and the principle that practice is the only criterion for verifying the truth, irrespective of our academic and political status. Do not hold that because we have a special status or because our views are supported by a certain power, the truth will certainly be on our side and we have the right to impose our views on others with the tone of lecturing others or drawing conclusions. The style that "truth belongs to those who have power" is a manifestation of monopoly behavior in the academic field. Only by changing this style is it possible to create an atmosphere of equal contention.

Next, it is necessary to advocate upholding truth and rectifying mistakes and to oppose the practice of bending with the wind. In the course of academic explorations, it is normal that, through studies and discussions, people should uphold what they think should be upheld or change certain views. There is no lack of such precedents among noted economists at home and abroad. In academic studies we should not bend with the wind, following prevalent ideas without our own independent opinions. Obviously, this style of study does not help to initiate academic contention and to raise the academic level.

Even if a certain views is relatively correct, due to the simultaneous existence of various other viewpoints, there will be more opportunities to supplement, revise, and develop this view. The existence of different views can also play the role of one supervising another and prevent a relatively correct view or practice from going to extremes due to lack of supervision, thus leading to erroneous results. In the short term, the existence of only one tone or voice in a certain period seems fairly quiet and consistent. In the long term, this often leads to fluctuations and reversals.

Again, it is necessary to uphold academic democracy. In our economic circles there are people who do not study or explore problems but who are keen on bludgeoning others to prevent them from exploring new ground. Due to the interference of such people, our economics research institute and JINGJI YANJIU have paid a high cost. Such explorers as Sun Yefang were also subjected to gratuitous persecutions. Some authors have been subjected to attacks by such people politically just because they have submitted an academic paper for publication. For this reason, we should use democratization to resist this harmful behavior and to ensure freedom of academic exploration. In this way we can pay a smaller price and prevent setbacks.

Wang Huide on Class Struggle

HK241224 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpts" of speech by Wang Huide at a forum to mark the 30th anniversary of the double hundred principle, jointly sponsored by the Economics Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "Academic Contention and Class Struggle"]

[Text] The policy of letting a hundred schools of thought contend was actually negated not long after it was put forward in 1956. Why? We should draw lessons from the issue.

China's socialist transformation of ownership of the means of production was basically completed in 1956. At that time, some people believed that class struggle had come to an end and the main task was to carry out construction. However, this correct estimation of the situation was negated before long. Hence, the prevailing idea was: The question of which will win out, socialism or capitalism, though settled in the economic field and ownership of the means of production, is not yet resolved in the political and ideological fields. The class struggle between the proletariat and the bourgeoisie will be focused in the political and ideological spheres. The struggle will continue to be long and at times will even become very acute. As the ideological field was regarded s the main battlefield of class struggle, letting a hundred schools of thought contend was out of the question and only the proletariat and the bourgeoisie had the opportunity to compete with each other. With the slogan "eliminate bourgeois ideology and promote proletarian ideology" raised later, the things treated as "bourgeois" were to be eradicated rather than put under contention.

As we draw a historical lesson today, we must eliminate the pernicious influence of "taking class struggle as the key link" and discard the methods related to the erroneous idea. If academic contention is taken as class struggle, or there is a question of which will win in the ideological field, the proletariat or the bourgeoisie, or there is a process of "promoting proletarian ideology and eliminating the bourgeois one," the double hundred principle will not come into being.

When we say that "letting a hundred schools of thought contend" is the correct policy for academic prosperity, we should have the courage to admit that it is a normal phenomenon even for a Marxist to have tens or hundreds of different views on a certain question. The result of deliberation and contention is the reaching of consensus. We should not make conclusions beforehand and regard a certain view as truth and Marxism and the other 99 as fallicies, in other words, "promote" 1 and "eliminate" the other 99 views. Differing views on a question is a normal, inevitable phenomenon in the course of exploring truth and there is nothing to be surprised at. We should not try to foretell which one is Marxism and which 99 are non-Marxist or anti-Marxist. Only in this way can we genuinely implement the double hundred principle.

Tang Zhongkun on Contention

HK241225 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpts" of speech by Tang Zhongkun at a forum on 31 May to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economics Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department: "Encourage the Formation and Competition of Different Schools of Thought"]

[Text] Encouraging the formation and competition of different schools of thought is an inherent meaning of the policy of letting a hundred schools of thought contend. The social economic process is a complicated process of constant development. Even though the study of the current social economic process is guided by Marxism, it is still possible for different schools of thought to arise, as the spheres, angles, and methods of study are different. Encouraging the formation and competition of different schools of thought will help economists make a systematic study of the relevant economic theories and continuously improve their theoretical system, study methods, and arguments. This is beneficial to changing the habit of repeating the study of the same theory at a low level in a "rush" manner. In the course of competition, to enable their theories to withstand the test of practice, different schools of thought should go deep into practice for investigation and study and conscientiously and critically absorb all good theoretical achievements to correctly understand the social economic process. This will help reduce empty theories which are divorced from practice. The competition between different schools of thought in Marxist economics circles will, in the course of the integration of theory with practice, promote the development of the whole of Marxist economics and help train a number of influential Marxist economists. Marxist economists should not be afraid of the emergence of non-Marxist economists. Marxist economics develops through the debate with non-Marxist economics and enriches itself by critically absorbing the scientific factors in non-Marxist economics.

A basic method of competition between different schools of thought is academic criticism and countercriticism. The correctness of theoretical views must be judged by practice and not by man. No theoretical views have the privilege of not being criticized, nor does any theoretical criticism have the privilege of not being countercriticized. Criticism and countercriticism must be equal, responsible, and reasoning, and no one is allowed to use power and influence to threaten others. What is required is convincing people by reason. This is where the difference between academics and scholar-tyrants lies.

Dong Fureng Urges Implementation

HK241121 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpts" of speech by Dong Fureng at forum to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economics Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "Make Efforts To Implement the Double Hundred Policy"]

[Text] The double hundred policy is a correct principle to promote the flourishing and development of science and culture. Practice over the past 3 decades has proved that China's science and culture flourished and prospered when this policy was implemented, but halted and even declined otherwise. It has been the same with economic theories. We have experiences of success as well as bitter lessons over the past 3 decades.

Speaking of bitter lessons, we have two conspicuous examples in China's economic circles. One is the criticism of the famous economist Ma Yinchu's theory of population control in the 1950's, and the other is the criticism of the famous economist Sun Yefang's entirely outstanding and original theory of economics. These criticisms went beyond the scope of normal academic debates and ran counter to the principle of the contention of a hundred schools of thought, and they were actually carried out as political struggles. Those under criticism were labelled politically with groundless and frightening charges. Such criticism suffocated the creative research on China's theories on economics, and has brought about irredeemable great losses to China's socialist economic construction.

Since the 3d Plenary Session of the 11th CPC Central Committee, the Central Committee has implemented the principle of emancipating minds, and seeking truth from facts, corrected the "leftist" errors in the past, and created a good environment for the development of China's theories on economics without precedent. This has enabled unprecedented development of China's theories on economics in the course of contention of a hundred schools of thought, and played an active role in China's economic reform and construction. However, the implementation of the double hundred policy is not always plain sailing, and we have experienced setbacks in the course of its implementation. In order to implement the double hundred policy in a down-to-earth way, we must make great efforts. On the one hand, we hope that the departments responsible for economic theoretical work would create a further relaxed environment for economic theoretical work, on the other, we economic theoretical workers should also do our best to correctly understand the spirit of the double hundred policy. We should acquire the courage for theoretical research, and be bold at exploration and blazing new trails under the guidance of Marxism. We should advocate not only independent thinking and contention and discussion between different views, but, even more, the calm exchange of views in criticism and counter-criticism, seeking truth from facts, fully reasoning facts, and convincing others by reasoning. We must in a down-to-earth way get rid of the unhealthy atmosphere of distorting others' original intention, garbling a statement, artibrarily labeling politically, or flying into a fit of anger when listening to criticism of a discussion nature.

China's economic circles are facing arduous tasks. Reform and development are the two big topics confronting us. Reform is for the sake of development, when development means realizing socialist modernization. Huge volumes of extraordinarily complicated and difficult problems are awaiting our exploration, research, and solution. As theoretical workers in economics, we should carry out bold exploration and research on all sorts of questions concerning economic reform and development, so that China's socialist economic science may further flourish and develop on the basis of practice. Mistakes are hardly avoidable in exploration and research, and the emergence of different views is inevitable. We should be bold at adhering to truth as well as revising our errors under the guidance of Marxism, and unfold discussions in the spirit of equality, democracy, seeking truth from facts, and fully reasoning with facts based on the principle of "letting a hundred schools of thought contend."

Xiao Zhuoji on Ma Yinchu

HK241157 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpts" of speech by Xiao Zhuoji at forum to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economics Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "Draw Lessons From the Criticism on Ma Yinchu"]

[Text] Ma Yinchu, former president of Beijing University, published a series of works during the period from 1956 to 1958, including "On the Theory of Comprehensive Balance and the Law of Proportionate Development: a Discussion in Light of the Actual Circumstances in China," "More on the Theory of Comprehensive Balance and the Law of Proportionate Development: a Discussion in Light of the Actual Circumstances in China," "New Population Theory," and "My Economic Theory, Philosophical Thinking, and Political Stand." In these works, he put forth many original views and valuable suggestions on such major issues as the balanced development of the national economy and population control which have an important bearing on socialist construction and the future of the state and nation. However, Ma Yinchu's correct opinions were not studied seriously and adopted at that time, neither was he encouraged to further the exploration of these issues with other comrades of the academic circles. On the contrary, Ma Yinchu's views were wrongly denounced as "anti-party and anti-socialist reactionary fallacies," and he was accused of "attacking the party and socialism behind the camouflage of academic studies" and "vainly attempting to overthrow socialism in the hope of capitalist restoration." During the two movements in 1958 and in the 1959-60 period when Ma Yinchu was attacked by name, a total of more than 160 related articles were published in various newspapers and journals, and more than 9,000 big-character posters were posted at the Beijing University campus in an organized way, having an extremely bad influence.

What lessons whould we draw from the wrong criticism against Ma Yinchu? Apart from what I have mentioned above, the following three points, I think, should also be noted.

First, it is necessary to attach importance to social sciences. Social sciences, which also play a revolutionary role in propelling history forward, are of great importance, equal to that of natural sciences. Overlooking the importance of social sciences or adopting an incorrect attitude toward the study of social sciences will inevitably cause losses to socialist construction.

Second, it is necessary to show respect for the explorative and pioneering spirit of the theoreticians. In the past, our theoreticians enjoyed little support but frequently faced criticism. It cannot be denied that our theoreticians have failed to keep abreast with the actual situation in some fields. But it is also a fact that many theoreticians have done some original work. Such works as "New Population Theory" by Ma Yinchu and "Planning and Statistics Must Be Based on the Law of Value" by Sun Yefang have presented new ideas and new policies dealing with new circumstances and new problems. On the other hand, it takes time to achieve in-depth development of a new process of theoretical generalization. Therefore, we should not make excessive demands on our theoreticians but should give them more support and encourage them to further their brave exploration.

Third, we can never demand "uniformity in public opinion" in the academic fields. Marx said: "You praise the fascinating changes and the inexhaustible treasure of nature and you do not demand that roses and violets give the same fragrance. Then why do you demand that spirit, the richest and most colorful thing in the world, exist in only one form?" Although Marx made this statement in criticizing the Prussian cultural despotism and this case was completely different from ours, the soul of his words is still of great value.

Feng Lanrui on Scientific Organizations

HK241221 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Exceprts" of speech by Feng Lanrui at forum to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economics Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "The Double Hundred Policy and Scientific Organizations of the Masses"]

[Text] To realize socialist modernization in our country and build socialism with Chinese characteristics, the masses' scientific organizations are indispensable. 1) They are capable assistants of the party and state, and are links between the party and state and scientific workers. They can reflect to the higher authorities the feelings, demands and suggestions of scientific workers. The party and state can also transmit their demands to the broader masses of scientific workers through these scientific organizations of the masses. 2) They are useful for strengthening lateral links among scientific workers in various departments, units and localities. Through the masses' scientific organizations, we may organize scientific workers in various localities, departments, and units so that they can concentrate their efforts to carry out and accomplish many major scientific research projects. 3) In the activities of the masses' scientific organizations, scientific workers can freely discuss and exchange their scientific and technical achievements. They may air their different views in debate. This will give full play to the wisdom and capability of scientific workers, and promote democratic and free academic atmosphere.

The number of scientific organizations of the masses in our country has greatly increased since the 3d Plenary Session of the 11th CPC Central Committee. They have carried out many academic activities, and played a positive role in varying degrees in the three aspects mentioned above.

Strictly speaking, these organizations have not yet fully exploited their role, but they have made their achievements in the work as a whole. At present, there are various erroneous views on the scientific organizations of the masses. 1) Some people fail to realize the importance of the scientific organizations are not essential, and that it is better to have a smaller number of these organizations. 2) They pay more attention to the problems and defects of these organizations, but fail to think more of their successes. They criticize them extensively, but do little to encourage them. Sometimes, some problems have occurred in one or two scientific organizations of the masses. Some people wrongly think that the same problems have also occurred in most of the organizations. The correct attitude to adopt is that we should fully affirm the important role and achievements of the scientific organizations of the masses, enthusiastically support their work, and help them solve their difficulties. Instead of hampering their advance, we should promote their progress.

Since scientific organizations of the masses are different from administrative institutions, we should not adopt administrative methods to run them. Now the problem is that we use administrative methods to control scientific organizations of the masses. The regular work of scientific organizations of the masses is to carry out academic activities. Some units in charge exercise rigid control over academic activities. There are many irrational regulations which restrict legal activities of the scientific organizations of the masses. This is harmful to the contention of a hundred schools of thought.

I believe that it is necessary to exercise control over the scientific organizations of the masses. However, the method of control should be changed. We should adopt a method which is suitable for the characteristics of the scientific organizations of the masses rather than taking simple administrative means. To do so, we should respect the democracy and independence of the scientific organizations of the masses. We should not interfere in their academic actitivies. According to Article 35 of the Constitution, I suggest that we enact a law on the scientific organizations of the masses as early as possible. Such a law will be useful to the effective administration of the scientific organizations of the masses.

RENMIN RIBAO ARTICLE ON 'DOUBLE-HUNDRED' POLICY

HK240825 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 15 Jun 86 p 2

["Special Commentary" by Du Feijin: "Talking About the 'Double Hundred' Policy and Its Guarantee by the Legal System"]

[Text] Perhaps it is because of my leaning toward democracy and freedom that I have, of late, read almost all the articles in the press marking the 30th anniversary of the propounding of the "double hundred" policy, and I just have to say a few words on the enlightened discussions by many comrades in their writings. Focusing on the "double hundred" policy, we can deal with this topic from different angles. The author of this article would like to air a few points on how the legal system should guarantee the implementation of the "double hundred" policy.

The guarantee of the legal system must be acquired for the implementation of the "double hundred" policy.

-- This Is A Summing Up of Historical Lessons as Well as the Inevitability of the Development of the Times.

The policy of "letting a hundred flowers blossom, letting a hundred schools of thought contend" was first put forward in 1956. But it was practically abolished as soon as it was propounded. Rough treatment with regard to scientific research and the creation of culture and art was repeated over and over again beginning in 1957, and becoming all the more intensified in the 1960's and the 1970's in particular. The causes for the emergence of such a tortuous course were manifold. However, there is no evading that "the rule of man," which had been carried out in China's academic and art circles over a long period of time, was one of the most important reasons. Under the rule by man, questions concerning academic, cultural and artistic subjects were more often than not resolved by the opinions of some leading members, and their personal preferences became the criteria for judging right and wrong. We can say that the rule by man has been the fountainhead of some abnormal and unhealthy phenomena in China's academic, cultural and artistic circles. This is because the rule by man refuses to acknowledge the principle that "everyone is equal before truth", and believes that the leading members are Marxist authoritives, meaning that they are the personification of truth. Hence, the free discussion and criticism of any questions on an equal footing is unnecessary. Therefore, in order to genuinely implement the "double hundred" policy, it is imperative to substitute the rule by man with the rule by law, and necessary laws must be drawn up to protect the democracy and freedom of academic and artistic circles. This is precisely the lesson we have drawn at the tremendous cost of the long-term stalemate in science and art.

The guarantee of the legal system in the implementation of the "double hundred" policy is also the inevitable trend of the entire development of the times. This is because the "double hundred" policy is an important content of socialist democrcy and freedom. To us, democracy and freedom are not only banners as well as facts; they are an important demonstration of socialism's superiority and the target the people are pursuing under the leadership of the party and the state. Without genuine democracy and freedom, there would not be genuine socialism, and the fulfilment of communism would be an impossibility. Back in December 1978, Comrade Deng Xiaoping pointed out: "To ensure people's democracy, we must strengthen our legal system. Democracy has to be institutionalized and written into law, so as to make sure that institutions and laws do not change whenever the leadership changes, or whenever leaders change their views or shift the focus of their attention ("Selected Works of Deng Xiaoping" p 136.) Therefore, the proposal and implementation of the "double hundred" policy is by no means the whimsical idea or expedient measure of a certain leading member, but the inevitable demand of socialist construction and development, and a necessity in building a high level democratic, modernized, socialist country and for China's science and culture to flourish. I therefore believe that the guarantee of the legal system for the genuine and long-term implementation of the "double hundred" policy should be institutionalized and legalized.

The Principled Stipulation of the Constitution Alone Is Not Enough for Genuine and Long-Term Implementation of the "Double Hundred" Policy

As everyone knows, although the "double hundred" policy has not been directly written into China's Constitution, stipulations in the same vein can be found in the Constitution. For example, Article 35 of the PRC Constitution stipulates: "Citizens enjoy freedom of speech, the press, assembly, association, procession, and demonstration." And Article 47 stipulates explicitly: "Citizens have freedom to engage in scientific research, literary and artistic creation and other cultural activities." These constitutional stipulations confirm the rudimentary essences of the "double hundred" policy from the angle of the state's basic law. They thus play an important role in allowing China's scientific research, culture and art to flourish and develop. However, we should admit that in academic and art circles, the above-mentioned constitutional stipulations are far from being enough if a change from the rule by man to the rule by law, and the genuine substitution of the rule by man with the rule by law is to be realized. As the state's basic law, the Constitution cannot possibly make every right and freedom of the citizens specific, nor detail their scientific research, literary and artistic creation, and other cultural activities. Therefore, it is impossible for the state to improve its administration of the entire undertakings of scientific research and culture. Thus, it is necessary to draw up various specific laws to form a complete set, or to supplement the principled Constitution, such as the news law; the publication law; the copyright law; the invention law; the law for movies and television; the law for academic (cultural) associations (or the law for academic societies): and the law for literary creation. These laws may specifically stipulate the questions of implementation of the "double hundred" policy in detail in each specific field, and state organs will ensure the implementation of these laws. With these specific laws, people may have explicit criteria when conducting their scientific research and cultural activities. Thus the implementation of the "double hundred" policy will be ensured without any intervention or impedance by "leftist" or rightist tendencies.

In his congratulatory speech on behalf of the Central Committee Secretariat, delivered at the fourth Congress of Chinese Writers' Association representatives on 29 February 1984, Comrade Hu Qili said: "It is necessary to strengthen the concept of a socialist legal system. It is necessary to adhere to the principle of letting a hundred flowers blossom, letting a hundred schools of thought contend. Regarding the mistakes and problems which emerge in literary creation, they can only be solved through literary or art criticism. Namely by criticism, discussion and debate, so long as they have not violated the law. We must ensure that those writers under criticism will not be politically prejudiced against, and will be free from penalty or other organizational punishment because of their mistakes or problems. In conducting literary or art criticism, an attitude of equality aiming to help those criticized should be adopted. We should refrain from oversimplifying, being rough, and making unfair and exaggerated criticism, and we should allow counter-criticism."

We can say that the foregoing discussion by Comrade Hu Qili concerns not only the party's specific policies in implementing the "double hundred" policy in cultural and artistic circles, but also the party's basic guiding concept for implementing the "double hundred" policy in the entirety of academic circles. Therefore, this discussion is practically the legislative spirit for drawing up the various specific laws mentioned above.

Based on this legislative spirit, we believe these specific laws should give expression to the following principles:

1. The democratic principle must be adhered to, whether in the academic, cultural or artistic realms. Without academic democracy, and democracy for culture and art, there will be neither academic freedom nor freedom for culture and art. Neither will there be the contention of a hundred schools of thought in the activities of scientific research and cultural creation. Practice has proved that in the academic, cultural and artistic realms, the democratic principle must be adhered to. This is because the method of the lower level subjecting to the higher level is not suitable, because truth is not always in the hands of the higher level. Neither is the method of the minority subjecting to the majority (because new concepts and ideas will only be accepted by the majority after due process). Therefore, the law must start by showing respect to the law governing scientific research and cultural creation, and acknowledging the democratic principle in the academic, cultural, and artistic realms.

2. The principle that "everyone is equal before truth" must be adhered to. In criticism and discussion within the academic, cultural, and artistic realms, no one should enjoy special privilege. Any person, no matter how high his position, no matter what meritorous service he has rendered, and despite differences in nationality, belief, age, and sex, must only act only as an equal of the academic or artistic workers participating in discussing, making speeches, and writing on the discussion and criticism within the academic, cultural and artistic fields, in order to seek for truth through free discussions. All abnormal phenomena such as suppressing others by taking advantage of one's power are forbidden.

3. The principle of freedom for scientific research and cultural creation should be implemented. The principle of freedom within the realm of the Constitution and the law must be implemented whether in academic research or cultural creation.

4. The principle that allowance be given to mistakes in academic research and cultural creation should be affirmed. The lingering fears from the past, and the fears for what the future may bring, have not been entirely solved as a result of the big stick and labelling treatment for erroneous speeches which has existed for a long time. Therefore, we believe that the laws must: Start from the law governing academic, cultural and artistic development: acknowledge that cognition is something to be completed gradually; and give allowance for people to make mistakes. It must: Forbid unfair and exaggerated criticism and arbitrary political labelling; oppose political prejudice against scientific research, cultural and artistic workers; and refrain from arbitrary punishment for those comrades who have made mistakes.

Besides, it is impossible to draw a demarcation line between academic and political questions in the research of scientific socialism, politics, the science of law, and economics in particular. Therefore, the law should not stipulate that "political questions are not to be discussed," in order to ensure the implementation of the "double hundred" policy, and to prevent it from being lashed and interfered with by political campaigns.

We should point out that observance of the Constitution and the law is the obligation of every citizen. Whether it is a leading member, or one under leadership he should strictly observe every stipulation of the Constitution and the law.

Otherwise, he must be punished according to the law. Only then, will it be possible for the genuine and long-term implementation of the policy of "letting a hundred flowers blossom, letting a hundred schools of thought contend."

LIAOWANG URGES RELAXED ENVIRONMENT FOR REFORM

HK150446 Beijing XINHUA Hong Kong Service in Chinese 0127 GMT 15 Jun 86

[Text] Beijing, 15 Jun (XINHUA) -- The commentator of LIAOWANG weekly points out that, to make all-round progress in the reforms now being undertaken in China, it is essential to have a relaxed environment in the whole of society; in particular, democracy should be brought into play and a lively situation created.

The commentator's article carried by tomorrow's edition of LIAOWANG says that now that China has entered a great age of all-round reform, it is essential to mobilize the millions of the people to contribute their ideas and strength and display their initiative and creativity. Only thus can success be achieved in reform. It is therefore particularly necessary that democracy be brought into play and a lively situation created.

The commentator says that as there are no ready-made experiences and methods to follow in reform, it is necessary to mobilize and encourage the millions of cadres and people boldly to undertake exploration, pioneering, and creation. All this cannot avoid being experimental in nature; there will be risks, mistakes are inevitable, and there are bound to be different opinions, viewpoints, ideas, and methods. There can be no reforms if people are not allowed to experiment, if there is fear of taking risks, if mistakes are forbidden, and if different opinions cannot be held.

What is required to create a relaxed and beneficial environment for reform? The commentator holds that the important thing is to truly implement the principle of "letting a hundred flowers blossom and a hundred schools of thought contend." The following conditions are also required:

1. Spur and encourage people to work creatively, probe their way ahead, and solve new problems as they are discovered. It does not matter if mistakes occur during the advance. It is fine if lessons are learned and one's ability grows from the mistakes.

2. Learn how to provide correct guidance amid a variety of opinions and how to choose and follow what is good amid this variety, and be skilled in concentrating and implementing the good opinions scattered around. An environment of exploration, pioneering, and creation is an environment of a variety of views. There can be no exploration if silence reigns. Diversity of opinion among the masses is better than ten thousand horses standing mute, since it shows that ours is a lively society.

3. Protect differing views. It is necessary to hold sincere consultations with people whose views deviate or are not completely correct. We must by no means hastily stick labels on people.

There is also another condition: Our minds must be emancipated, and discipline must be observed.

NONGMIN RIBAO ON RURAL PARTY RECTIFICATION, REFORM

HK200227 Beijing NONGMIN RIBAO in Chinese 13 Jun 86 p 1

[Commentator's article: "Party Rectification and Reform Should Complement Each Other -- Answering Readers' Questions on the Relationship Between 'Governing the Party With Strictness' and 'Invigorating the Economy'"]

[Text] In May, the CPC Central Commission for Guiding Party Rectification held two forums in Zhengzhou and Nanjing. The meetings set forth some important principles for the rural party rectification guideline, some major questions that must be solved in rural party rectification, and the relationship between party recitification and reform.

The two meetings pointed out: Rural party recitification should promote reform, help enliven the rural economy, and help develop the productive forces and arouse the peasants' production enthusiasm. At the same time, the meetings pointed out: Rural party rectification should be focused on settling the serious malpractices of cadres at the district, township, and village level. When reform develops to a higher level and the economy becomes more active, it is all the more necessary to govern the party strictly.

When studying the spirit of these two meetings, some party members asked: The meetings emphasized the need to promote reform and enliven the economy and also emphasized discipline and strictness in governing the party, so is there something contradictory between these two sides?

The answer is defintely no. The purpose of party rectification, in the final analysis, is to enhance the combat effectiveness of the party organizations. The work of the rural party organizations is to lead peasants to fulfill the party's central task in the countryside -- to promote reform, enliven the economy, develop the productive forces, and make peasants rich as soon as possible. In this sense, the party rectification should provide an organizational guarantee for reform by strengthening leadership and removing obstacles in people's minds. Reform will in turn help consolidate the party organizations. Concretely speaking, party rectification should achieve the following purposes:

First, rural grass-roots party organizations should be further freed from the "leftist" shackles, and should be able to act correctly according to the party's policies and state laws. They should be resolved to carry out reform by overcoming all obstacles and should serve the masses wholeheartedly. They should really become firm leadership cores in the reform process.

Second, the political and ideological education among party members should be strengthened, and party cadres and members should be required to abide by discipline and law, be honest in performing their official duties, seek benefit for the people, and live up to the people's trust. They should really become a backbone force in leading the masses to free themselves from poverty and to get rich.

Third, rural party cadres should overcome the formalist and bureaucratist work style which may hinder rural reforms. They should establish new ideas and work style, have courage to make explorations and innovations, and develop a new grass-roots work system in line with the needs of reform.

Fourth, the grass-roots party organizations should be freed from the inert state which is not favorable to the development of reform. The inner-party political life should be improved, and party members should be better managed. The party organizations should become real nuclei of the peasant masses, and should be full of vigor in uniting and educating the peasants.

In short, party rectification should serve reform, and reform will certainly promote the consolidation of the party organizations. The image of the party will be greater, the quality of party members will be improved, the combat effectiveness of the party organizations will be enhanced, and party leading cadres will polish their leadership art. All this will provide political, ideological, and organizational guarantees for the smooth development of reform. Therefore, party rectification and reform in fact complement each other, and "governing the party with strictness" and "invigorating the economy" in fact promote each other.

Here, the key is how to correctly understand the concept of "strictness." At present, some rural party members still have misgivings when "strictness" is mentioned. They fear that they may make mistakes in the course of "invigorating the economy." In their eyes, "strictness" means restraining the degree of "invigorating the economy" and "invigorating the economy" means relaxing all controls. Some people even think "strictness" means that people are required to make a living from farmland and talk less about the commodity economy; to talk more about the political objective, and less about material interests; to talk more about becoming rich together, and less about building up individual wealth; to follow rules and conventions docilely and not to carry out reforms and innovations, and so on.

In fact, this is a misunderstanding. The real meaning of "governing the party with strictness" is to require party members to strictly follow the party's policies and state laws to carry out reforms, to enliven the economy, and to get rich. This does not mean that people's initiative is to be dampened. In other words, as long as something is in line with the party policies and state laws and is favorable to reform, we should be bold in exploration and do it. When exploring, we should not be swayed by considerations of gain and loss. On the other hand, we should strictly require party members not to do anything unfavorable to reform and should severely handle those who break the law. At present, some people's serious malpractice of using official functions to seek selfish gains and violating discipline and law has harmed the party's reputation and aroused the resentment of the masses. This has become a major obstacle to reform, and should be taken as the main target of attack in party rectification.

We should seriously study the spirit of the two forums, fully understand their essence, persevere in rural reform, and consistently govern the party strictly. We should courageously do the good things which are favorable to reform, and avoid anything unfavorable to reform. In addition, we should take the initiative in examining and correcting any wrongdoing. We also hope that the rural grass-roots party organizations, when tackling various problems among party members, will correctly draw the lines of demarcation according to the policies and protect people's enthusiasm for reform. Ideological education should be the main way to treat most party members' problems. However, we should resolutely expose and handle the major cases which involve a small number of people who have seriously corrupted the party style. Let us strive for greater achievements in party rectification and reform!

OIL, GAS PRODUCTS COMPANIES IMPROVE WORK STYLE

HK201518 Beijing RENMIN RIBAO in Chinese 18 Jun 86 p 1

[Report: "Beijing Municipal Petroleum Products Sales Company Improves Work Style by Beginning With Its Leading Group"]

[Text] According to BEIJING RIBAO, on the evening of 21 March this year, four automobiles drove to the Fuxing road gas station, which was closed at that time. They started their journey from a place far away from the municipality. Upon hearing that the drivers were in a hurry to complete the journey, a duty worker of the gas station immediately started the pump and refuelled their automobiles. When the drivers thanked him by giving them "555" cigarettes, he determinedly refused to accept the gifts. On the next day, he found a 20-yuan reward on his desk but he delivered the money to the organization. Following party rectification and the correction of unhealthy tendencies, there have been many cases like this in the Beijing municipal petroleum products sales company.

There are 24 grass-root units and some 80 sales outlets, including 40 gas stations, under this company. Over a long time in the past, some departments of this system have developed the "official merchant work style" because "the demand for petroleum products is so great that one does not have to worry about the source of customers." Some units have developed such bad practices as taking advantage of the spot for personal gain, as well as receiving and demanding bribes. Some people abused their power of taking care of gas pumpers and sending out goods. They pocketed a portion of the goods and thus committed crimes.

After party rectification was begun, this company took the correction of unhealthy tendencies as an important part of work. Through repeated serious studies that were carried out in connection with the actual conditions, and through the discussion of the central and municipal CPC committees' instructions on correcting party work style and correcting unhealthy tendencies, the company's leading group realized that most bad practices took place at the grass roots. But they were the result of the company leadership's incorrect guiding ideology toward its operation. In order to correct the party style and correct the unhealthy tendencies, it must begin with the leading organ, particularly the leading group. Only thus could the company make real achievements. In connection with the characteristics of the trade, the staff formulated the "eight regulations on strengthening the self-construction of the leading group" (nicknamed the "eight prohibitions.") The regulations clearly state that members of the leading group must not seek personal gain, be it a small group or individual, under any pretext or excuse. They must not receive gifts which are given in an inappropriate way. On the other hand, for the sake of investigating the specific manifestations of unhealthy tendencies in the trade, the company's members of the leading group and 24 organ cadres, headed by the company's party secretary and manager, went to the grass-root units and held forums. They also solicited opinions and criticism from customers. Then, through discussions and investigation, they listed the major unhealthy tendencies. They also instructed their subordinate units to discuss and deal with them.

Following party rectification, the activities of the company and the trade was improved. Recently, problems such as receiving and asking bribes from customers were no longer found again.

On the contrary, a number of good people and good deeds emerged in which the staff neither asked nor received bribes from customers, and turned down their entertainment offer but enthusiastically served them. When applying for a permit for purchasing gas, an individual household put a hundred yuan note in an envelope, placed it on Liu Baocun's desk in the business section, and said before he left, "I shall come back tomorrow." At that time only Liu was in the office. Upon discovering the envelope, he handed it over to the section head who returned the money to the household on the very next day and solemnly told him, "everything must be handled in connection with policy and 'smoothing the procedure through' bribes is erroneous thinking." Some units have not only corrected the unhealthy tendencies in the trade but have also improved their service. Some gas stations acted in accordance with customers' demands and delayed their closing time. They voluntarily helped customers solve difficulties and sent staff to the gas-consuming units to solicit opinions from them.

Commentator's Article

HK201519 Beijing RENMIN RIBAO in Chinese 18 Jun 86 p 1

[Commentator's article: "Realistically Rectify the Unhealthy Trend of a Trade"]

[Text] In the course of realistically examining and handling major and key cases, to integrate the characteristics of various fronts and trades and to rectify the unhealthy tendencies that spread wide within a trade is the good experience of the Beijing municipality in its work of rectifying party style. The report on the Beijing municipal petroleum products sales company, which is published in today's RENMIN RIBAO, is an example of this.

We have a wide range of fronts and trades which have links throughout the whole society, involving tens of thousands of households. Railway, automobile, post office, shops, restaurants, hospitals, theaters and so on are "windows" through which the people observe society. Usually, the people see the party style and the general mood of society through these "windows." Whether a unit is civilized or boorish, takes a positive or negative view, or is honest or corrupted is by no means the problem of that single unit. Rather, it is an influence on others. An aged woman might compare the treatment she just received on a train with that in the old society. An overseas friend would compare the advantages of socialism with those of capitalism by the treatment he received in a guesthouse. A primary school student would learn how to act politely when getting along with people by seeing the smile of a saleslady in a shop. Similarly, a customer might think about many things by seeing the expression on a saleslady' face. We do not advocate the practice of quickly jumping to conclusions whenever seeing something. However, we cannot but acknowledge that when judging party style and the general mood of society, the people indeed always base their judgments on first hand and personal experience. The behavior of comrades working on various fronts is indeed related to the work style of CPC as well as the general mood of society in socialist China. If everyone agrees to judge the issue by proceeding from this point, why should not we set strict demands for ourselves and do well in our work?

What a pity it is that some comrades working in various trades do not understand the issue in this respect, or do not set demands for themselves. Instead, they make use of the power they have for personal gain, or even blackmail people, demanding them to pay these comrades "the access charges." This kind of unhealthy tendency is also a manifestation of an unhealthy party style.

Various trades are so different from each other that many people take advantage of their office in one way or another, as well as in varying degrees, and use their power to demand things from their clients. Over a long period in the past, this kind of unhealthy tendency in this and that trades made the situation so bad that the masses complained a lot. The people said that if things went on like this, how could we manifest the CPC's goal of serving the people wholeheartedly, as well as socialist China's spiritual civilization?

Beijing is the focus of attention from places across the country. Tens of thousands of people come in and leave the municipality every day. Many people have criticized and complained much about Beijing's "windows." This is also a good thing because it helps the Beijing municipality CPC Committee and government be determined to rectify the unhealthy tendencies. Of course, this is just the beginning. A lot of work still has to be done to clean every "window" in Beijing.

To rectify the unhealthy trend in a trade is a very important part of rectifying party style. The investigation and handling of major and key cases will bring about great shocks. Nevertheless, only a few people committed the crimes. The area they are involved in is therefore limited. If we consolidate the party style by further integrating the trade's characteristics, we shall develop work in an in-depth manner. The unhealthy trend of a trade involves, of course, a wide and comprehensive area. We should rectify it under the leadership of party committees at various levels and in a systematic way. We must not rush headlong into mass action and must not compare figures, progress or scale. What the people ask is practical results rather than any kind of lip service. Every comrade in each trade is, of course, urged to begin with himself when rectifying the unhealthy trend. But the first thing is that the leading comrades of each trade should begin with themselves. They should investigate the unhealthy tendencies they have in their trade, and should find ways for dealing them. On problems concerning the masses, we should focus on positive education and must by no means "let everyone pass." This is the point to which we must pay close attention.

STATE COUNCIL MAKES EFFORTS TO DEVELOP POOR AREAS

OW211353 Beijing XINHUA Domestic Service in Chiense 0644 GMT 19 Jun 86

[Excerpts] Beijing, 19 Jun (XINHUA) -- The General Office of the State Council on 10 June issued a circular to all provincial, autonomous regional, and municipal people's governments and all departments of the State Council on distributing the minutes of the first plenary session of the State Council's leading group for economic development in poor areas. The circular calls for seriously studying and implementing the suggestions made in the minutes on strengthening economic development in poor areas and striving to solve the food and clothing problem for the people in most of the poor areas during the Seventh 5-Year Plan. It calls on the leadership and the rank and file to make common efforts and fulfill this task well.

To strengthen guidance over economic development in poor areas and shake off poverty in these areas as soon as possible, the State Council has set up a leading group in charge of economic development in poor areas. Chen Junsheng, secretary general of the State Council, will concurrently serve as the head of the leading group, while Lin Hujia will serve as its adviser.

The leading group's basic task is to investigate and study; formulate principles, policies, and plans for economic development in poor areas; coordinate to solve important questions in development and construction; supervise and examine work; and sum up and exchange experiences.

Presided over by Vice Premier Tian Jiyun, the first plenary session of the State Council's leading group for economic development in poor areas was held on 14 May 1986. The session pointed out: Since the 3d Plenary Session of the 11th CPC Central Committee, great changes have taken place in China's rural areas. Thanks to rapid economic development, peasant life has markedly improved. However, we must clearly understand that economic development in many localities is uneven. Currently, conditions for production are still poor in some areas, mainly areas where there are ethnic groups; old revolutionary base areas which made tremendous contributions to China's revolution; remote mountainous areas; and settlements around reservoirs. In these areas, the development of social productive force has been slow; their economy and culture are backward; and some peasants still face the food and clothing problem. This is an important economic and social question that we must not overlook.

The session pointed out: Over the past 30 years and more, to help poor areas shake off poverty, the central authorities and party committees and governments at all levels have made great efforts, formulated many preferential policies, provided a lot of funds and materials, and achieved certain results. However, economic development in many poor areas is still slow today. These areas have not changed much, and their economic results are not satisactory. It is necessary to sum up experience, start with reform and development, and replace the old way of providing relief to poor people and the production policy not suitable for development in poor areas with new economic development. In view of this, the session made the following 10 suggestions:

1. Stop exercising general leadership, adopt a special policy and special measures, and concentrate efforts to solve the problems one after another on the poorest areas. For those poor areas with average annual per-capita income less than 150 yuan, provincial, autonomous regional, and municipal authorities should concentrate manpower and financial and material resources and adopt special policies and measures to shake off poverty in one poor area after another. For those scattered poor townships, villages, and households, local counties should strengthen leadership and adopt corresponding measures including providing aid to key units and promoting mutual assistance. As for work methods, it is necessary to integrate key points and promote work in all areas by drawing upon experience gained at key periods. It is necessary to achieve practical results and formalism should not be practiced.

2. Maintain the principle of adopting measures according to local conditions; formulate principles for economic development of poor areas by seeking truth from facts; foster strengths and circumvent weaknesses; bring superior positions into full play; and improve self-development capacity. In helping to promote economic development in poor areas, we must particularly emphasize developing the commodity economy and boldly opening the road to prosperity by being realistic and emancipating our minds. Currently, it is necessary to develop whatever is suitable and whatever is marketable, fully utilize natural resources, actively develop diversified economy, and set up a rural industrial structure with great variety and potentials for development.

3. Strengthen intellectual development to improve the quality of workers in poor areas. The core of developing poor areas is intellectual development. It is necessary to adopt various measures to invite and train qualified personnel. Currently, the most important work in educational reform in poor areas is adult education for peasants. It is necessary to proceed from the actual conditions of economic development and bring the role of local middle school graduates, demobilized soldiers, and various skillful craftsmen into full play.

4. Actively develop the farm produce processing industry and promote rural enterprises. In poor areas, the processing industry is very weak while rural enterprises are nonexistent or fledgling. Therefore, it is necessary to actively support and show proper consideration for these areas in levying taxes and offering credit loans.

5. Expand diverse circulation channels, improve transport conditions, and invigorate the commodity economy. In order to bring the superior position of poor areas into full play, we must take pains to solve the question of circulation and transportation State-run businesses, foreign trade departments, and rural supply and marketing cooperatives must actively purchase products and spare no efforts to find a good market for them. In addition, it is necessary to encourage peasants to be purchasers and salesmen and specialized households to engage in transport; and rural trade markets must also be established. It is also necessary to encourage and support coordination between agriculture and commerce, between industry and commerce, and between commerce and commerce, and to widen diverse circulation channels.

6. Actively develop and continuously expand the lateral economic ties between poor areas and economically developed areas. To develop poor areas, we must thoroughly break up the interior-oriented, low-standard, self-cycling state; introduce investment from abroad and establish lateral ties at home; and strive to develop and expand multiform and multilevel lateral economic association with economically developed areas and big and medium-sized cities.

7. Introduce the "sparking plan" to poor areas and bring the tremendous role of science and technology to shake off poverty and become well-off into full play. To develop poor areas, we must formulate a policy, offer technology, and deliver information; offering technology must be the most important. In implementing the "sparking plan" everywhere in the country, we should regard poor areas as the main direction of attack and focal point and make efforts to disseminate and popularize all kinds of applicable scientific and technological achievements centering on today's economic development. It is also necessary to mobilize and organize scientific and technical personnel and skillful craftsmen to go to poor areas to deliver science and technology to peasants there.

8. Reform the use of state funds appropriated to poor areas. Economic development in poor areas calls for a certain amount of funds. However, what is more important is to thoroughly change the way funds are spent irrationally and the simple way relief is provided. We suggest that the provincial, autonomous regional, and municipal authorities consolidate state and local government funds for poor areas, make overall arrangements, and use them in a rational way.

9. Strengthen the building of leading bodies and set up a responsibility system with goals clearly specified. It is necessary to understand still better that to shake off poverty and become well-off is a basic task of all leading organizations and cadres in poor areas. It is necessary to strictly check on cadres and promote them, commensurate with their performance.

10. Mobilize everyone in society to help poor areas shake off poverty. This is a matter of prime importance for the whole party and the whole country. Over the past few years, a lot of good experience has been acquired in many areas. Their experience is worth our learning from. We welcome all circles in society to do their best and adopt different measures to make contributions toward economic development in poor areas.

MEETING URGES DEVELOPING COLLECTIVE ECONOMY

OW230446 Beijing XINHUA Domestic Service in Chinese 1225 GMT 22 Jun 86

[Text] Beijing, 22 Jun (XINHUA) -- Addressing a national congress of staff and workers (members) of light industrial collective enterprises today, State Councillor Zhang Jingfu pointed out that continued efforts should be made now to enliven collective and small enterprises while stressing the invigoration of state-run large and medium enterprises. Light industrial collective enterprises, he added, should continue to implement the reformative measures that have proved effective through practice in the past few years and, at the same time, make ceaseless efforts to improve such measures.

Zhang Jingfu said: The collective economy is one of the economic forms of our country based on socialist public ownership. It is compatible with the development level of our productive force and has great vitality. Development of the collective economy is one of our significant tasks in building socialism with Chinese characteristics and a long-term important policy of our party and state. We must make a serious effort to learn from past experience, draw lessons from it, and resolutely carry out the important guidelines that the party has formulated for developing the collective economy. In accordance with the needs of our national economic and social development, we must strengthen leadership over the light industrial collective economy, encourage and support its development, and create favorable conditions for accelerating the growth of this economy.

In his speech, Zhang Jingfu emphasized: To further develop the light industrial collective economy, it is imperative to persist in making reforms. The reforms centered on the contract responsibility system that we introduced to the light industrial collective economy over the past few years have produced fruitful results. During the Seventh 5-Year Plan, we must persist in making intensive reforms on the basis of summing up experience and consolidating achievements. The reforms should be focused on enlivening the enterprises. It is necessary to stabilize, develop, and gradually institutionalize and improve the various economic contract responsibility systems and continue to explore new ways of making reforms to meet the requirement of running enterprises in line with the general and chracteristic nature of the collective economy. Governments at all levels and all departments concerned must create external conditions for enlivening the enterprises and give them necessary support by implementing special policies that are favorable to them. With regard to the advanced individuals in collective enterprises who insist on making reforms, we must warmly support them, be concerned about them, help them, and protect their initiatives so that the reforms will progress in a healthy way.

In addition to the above, Zhang Jingfu said: The key to success in developing the light industrial collective economy lies in the policy. In leading the work of readjusting and reforming the management system of this economy, we must consider its characteristics and try to avert the problems of uncoordinated work and incapable management, which would bring unnecessary losses to our collective economy. Moreover, we must persist in treating collectively owned units and their staff members and workers in the same way as state-run units politically and economically.

Bo Yibo Addresses Meeting

OW221814 Beijing XINHUA Domestic Service in Chinese 1320 GMT 22 Jun 86

[By RENMIN RIBAO reporter Mo Xinwu and XINHUA reporter Wu Jincai]

[Excerpts] Beijing, 22 Jun (XINHUA) -- The third national congress of staff and workers (members) of light industrial collective enterprises opened today in Beijing. Zhang Jingfu extended the State Council's greetings to the congress.

This year is the 30th anniversary of the successful completion of socialist transformation of China's handicraft industry. Bo Yibo attended the opening ceremony of the above congress and delivered a speech. After reviewing the several decades' history of the development of China's handicraft cooperatives, he pointed out: Light industrial collective enterprises now have a certain foundation. They are a major component of our light industry and backbone force of the city and town collective economy. During the Seventh 5-Year Plan, we should see to it that the light industrial collective economy develops steadily; that the relations within and without the enterprises are further straightened; and that new breakthroughs in product quality, variety, and quantity are commensurate with consumer needs and export requirements.

He stressed that during the Seventh 5-Year Plan, strenuous efforts should be made to reform the economic structure, upgrade technology, and improve product quality rather than blindly seeking a high development speed; otherwise there will be no sustained progress. Bo Yibo also put forward the demands that the position and role of the light industrial collective economy be properly recognized, that all-out efforts be made to support and lead this economy, and that good work be done to reform the management system of light industrial collective enterprises and to strengthen their contingents of staff and workers.

The current congress is a grand meeting after the second national congress of members (staff and workers) of handicraft cooperatives held in 1963. Attending the congress are more than 600 formal delegates representing the 7.45 million staff members and workers of the light industrial collective enterprises throughout the country.

Hao Jianxiu, Lu Dong, and other leading comrades were also present at today's session.

STATE COUNCIL REVISES REGULATION ON AWARDS

OW121724 Beijing XINHUA in English 1522 GMT 12 Jun 86

[Text] Beijing, June 12 (XINHUA) -- A Chinese worker may receive 4,000 yuan as an award for a rationalization proposal, according to a revised State Council regulation released here today.

The regulation provides that a person may receive 2,500 to 4,000 yuan for a proposal resulting in an economic benefit of more than one million yuan in a period of one year. The award for a proposal bringing a benefit of more than half a million yuan is 1,500 to 2,500 yuan.

The money awards of five grades are 50 to 150 percent higher than those set by the original version announced four years ago.

An official from the State Economic Commission said that the state has decided to raise the amount of money awards to encourage enterprise workers to make proposals on improving management or technical renovations.

"In the economic and science and technology reforms, workers have become the real masters of the enterprises and they have raised more proposals in the past two years than ever before," he said.

But "the original regulation only covered proposals for improving specific techniques but failed to mention those for updating management or using the latest scientific and technological findings," he said.

"The monetary awards were too small as well," he added.

All enterprises will set up evaluation committees to decide the amount of economic benefits resulting from a proposal and the amount of prize money, according to the new regulation.

Enterprise managers who offer suggestions for improving efficiency will have their contributions assessed by the official departments concerned.

CIRCULAR URGES RURAL YOUTH CENTER CONSTRUCTION

OW200529 Beijing XINHUA Domestic Service in Chinese 0810 GMT 19 Jun 86

[Excerpts] Beijing, 19 Jun (XINHUA) -- The Propaganda Department of the CPC Central Committee and seven other units recently issued a joint circular asking all localities to mobilize the rural sectors to strengthen the building of the "homes for youth" and other cultural activity centers to make socialist ideology and culture prevail in the countryside.

The circular on strengthening the building of "homes for youth" was issued by the Propaganda Department of the CPC Central Committee, the CYL Central Committee, the Ministry of Agriculture, Animal Husbandry and Fishery, the Ministry of Culture, the Ministry of Radio and Television, the State Education Commission, the State Physical Culture and Sports Commission, and the All-China Women's Federation. The circular points out: Along with the deepening of rural economic reform, the peasants, and especially rural youths, are beginning to have new and greater spiritual and cultural needs.

In the past few years, under the leadership of party committees at various levels and with the support of various departments, many localities have speeded up the development of the "homes for youth" and other cultural activity centers by incorporating them in plans for building civilized villages (towns). In some provinces and municipalities, over 60 percent of the villages have set up youth cultural centers. These centers are attracting more and more rural youths and have taken an important place in the construction of socialist spiritual civilization in the countryside. However, development is uneven nationawide and cannot keep up with construction of socialist material and spiritual civilization in rural areas. A considerable portion of the countryside lacks cultural facilities, and the young peasants there are unable to enjoy an adquate cultural life. In a number of places, feudal superstition and gambling have become prevalent, and materials propagating sex and violence, and other products of vulgar taste have made their way into the countryside. This has seriously harmed the physical and mental health of rural youth.

The circular asks all localities to fully understand the importance of and need to build rural "homes for youth," approaching the task as a concrete step in building socialist spiritual civilization in the countryside.

The circular asks all localities to work hard to make "home for youth" a political and educational front, a classroom for learning science, technology, and the liberal arts, a window for the exchange of information on how to prosper, and a place for entertainment and sports. As an ideological education front, the home should try to educate the peasants in the current situation and tasks, the party's policies, and communist ideology, to organize young peasants to contribute ideas on building socialist material and spiritual civilization, to promote civilized village ethics, to disseminate legal knowledge, to oppose feudal superstition and gambling, and to stop arranged and mercenary marriages, wasteful wedding ceremonies, and other outdated customs. As a classroom for learning science, technology, and the liberal arts, it should introduce and disseminate advanced, practical production technologies, conduct spare-time learning activities and technical training, and popularize science. As a window for information exchanges, it should subscribe to various newspapers and periodicals for villagers to obtain commodity information, and it should organize the exchange of experience in commodity production and business operations, explore ways to develop production and operations, sponsor discussions and make suggestions on prosperity measures suitable for local conditions. As a place for entertainment and sports, it should set up television or entertainment rooms, based on local conditions, conduct healthy entertainment and sports activities from time to time, organize colorful, popular theatrical performances and games during slack farming seasons and holidays, set up newspaper, magazine, and book reading rooms, organize reading and book review activities among youths, as well as various hobby groups.

CHEN GUANGYI, HU PING DISCUSS FUJIAN AGRICULTURE

OW172359 Fuzhou FUJIAN RIBAO in Chinese 8 Jun 86 p 1

[Dispatch by reporter Chen Xicong]

[Excerpts] A meeting of agricultural bureau directors of prefectures, cities, and some counties of Fujian Province closed on 7 June. The meeting was held by the Fujian provincial department of agriculture. This reporter learned from the meeting that the provincial party committee, attaching great importance to present agricultural production, was briefed on the meeting's proceedings, and it put forward important opinions on how to promote agricultural production.

During the briefing, Comrade Chen Guangyi emphasized: We should never slacken our efforts for agricultural production and must work in accordance with the guidelines of the Central Document No 1. We should comprehensively implement the principle of "never relaxing efforts to increase grain production and develop a diversified rural economy." We should steadily increase grain production, further exploit mountain and marine natural resources, and make the diversified rural economy develop better.

Comrade Hu Ping emphasized the need to pay attention to this year's grain production and diversified undertakings. He particularly pointed out: Leading cadres at all levels should correctly appraise the situation of the agricultural front and should not be unrealistically optimistic. In order to increase agricultural production this year, we must make great efforts.

The meeting of agricultural bureau directors studied the opinions of the leading members of the provincial CPC Committee and the provincial government and analyzed the situation of Fujian's agricultural production in the current season. Generally speaking, the early rice crop this year is growing more promisingly than last year's. However, the task of fulfilling this year's grain production plan is very arduous, because the output of spring crops decreased, this year's planting plans for wheat, barley and early rice were not completely fulfilled, and the possibility of natural disasters must be taken into account. The participants deemed it necessary to plant additional crops, practice interplanting, plant autumn grain now, and strive to plant more in order to harvest more.

HAN PEIXIN ADDRESSES THEORETICAL WORK FORUM IN JIANGSU

OW230626 Nanjing XINHUA RIBAO in Chinese 14 Jun 86 p 1

[Speech by Han Peixin at the Forum of Theoretical Workers on 12 June 1986 -- XINHUA RIBAO headline]

[Excerpts] Today, the Jiangsu Provincial CPC Committee has invited the theoretical workers in Nanjing to attend this forum. This forum aims primarily at hearing the ideas and views of the comrades in the theoretical field. Let us discuss how to further develop theoretical work in Jiangsu and help it meet the needs in carrying out reforms and construction work.

First of all, what has Jiangsu accomplished in doing theoretical work in the past few years? I believe Jiangsu has attained remarkable achievements in doing theoretical work.

Those comrades in the field of theoretical study have done a great deal of work. In the past several years, Jiangsu has witnessed a fine situation in economic work and made initial progress in carrying out reforms. Naturally, all this is inseparable from the strenuous efforts made by the comrades in the field of theoretical study.

The broad masses of theoretical workers are extremely concerned over the developments in carrying out economic construction and promoting reforms. They have carefully studied and explored the new situations and issues in the course of practice, and theoretically epitomized the new experiences created by the masses. They have scored remarkable achievements in this regard. The province's contingent of theoretical workers is being expanded. The number of young and middle-aged theoretical workers is rapidly increasing. Our practice in carrying out reforms and promoting the modernization program has greatly stimulated the study of theories in the province. This is the main aspect.

However, our comrades have also realized that in order to meet the present needs in carrying out reforms, opening the country to the outside world, and developing the modernization program, our theoretical work still lags behind, we are still not active enough in theoretical study, and we still lack major achievements in the study of theories and in putting such theories into practice. We are determined to change the situation of theoretical study's lagging behind practice. In the past, the provincial CPC committee paid little attention to theoretical work. It very seldom contacted comrades in the theoretical field to discuss issues. From now on, it is necessary to improve this situation. The provincial CPC Committee has decided to further strengthen its work in the realm of ideology, and regard its efforts in this regard as something important in developing spiritual civilization. This is the first point of view I wish to mention.

The second point of view I wish to mention concerns the relations between theoretical work and reform. Our on-going reform has not only proposed new themes and imposed higher demands on the theoretical workers, but also provided rich soil and fine conditions for nursing and developing theories. Since the 3d Plenary Session of the 11th CPC Central Committee, we have gradually extended our reform from the rural areas to the cities, scoring tremendous achievements. The various achievements made in our province in economic construction and social development are inseparable from our efforts in carrying out reform. Comrade Deng Xiaoping has repeatedly pointed out that reform is China's second revolution. In the course of bringing about profound changes, our reform will inevitably affect economic relations and the interests of all sectors of life in society, and greatly influence people's behavior, concepts, mentality, human relations, and mode of life. If we fail to handle the situation well, there will be problems of one kind or another as well as risks. All this calls for our efforts to carry out theoretical work even better.

The third point of view I wish to mention here is that I wish to take this opportunity to discuss some issues with the comrades in the theoretical field. Those issues are ones we have encountered in the course of carrying out reform and developing the two civilizations. I wish to invite the comrades in the theoretical field to join their efforts in studying and discussing these issues.

In carrying out reform and construction, we need theoretical guidance. First of all, we need the guidance of Marxism. Here we have the issue of how to persistently advocate and develop Marxism.

Since the 3d Plenary Session of the 11th CPC Central Committee, the party Central Committee has conducted brave explorations in building socialism with Chinese characteristics and made creative contributions to enriching and developing Marxism. In what way can our theoretical workers epitomize and elucidate all these explorations and contributions accurately and in an overall manner? How can we theoretically summarize and epitomize what was created by the masses and proven by practice as correct in the course of carrying out reform and developing the modernization program? Also, how can we theoretically epitomize the new ways we have found and the new experiences we have accumulated in developing township industries, building small townships, and promoting lateral economic ties?

The fourth point of view I wish to mention involves the study of theories. At the national party conference held last September, Comrade Deng Xiaoping stressed the significance in the study of Marxist theories. He called on the whole party to "study basic Marxist theories in light of the new situation." With regard to this issue, our leading comrades must take the lead in studying Marxism well, and must create a pleasant atmosphere for studying Marxism. We must repeatedly study some basic Marxist works and some major works written by Comrade Mao Zedong. We must also study Marxist theories in close connection with our new experiences in order to continuously raise our standards for theoretical work and improve our ways of thinking and our work methods. Also, the important documents made public since the 3d Plenary Session of the 11th CPC Central Committee and the important speeches made by central leading comrades should be considered Marxist works. We must conscientiously study them.

We have understood the situation well and learned a great many things at this forum. From now on, we will adequately hold more forums like this one. We also welcome comrades to continue to express their views and offer their suggestions to the provincial CPC Committee through various channels and in various forms. I believe that through our common efforts, we will definitely be able to further develop and promote our theoretical work and our socialist material civilization and spiritual civilization vigorously.

SHANGHAI JIAOTONG UNIVERSITY MARKS 90TH ANNIVERSARY

OW092220 Shanghai City Service in Mandarin 0000 GMT 9 Jun 86

[Text] According to our reporter Jiang Xiaoqing, over 20,000 people, comprising alumni from home and abroad, faculty members, and students of Shanghai's Jiaotong University, gathered in high spirits yesterday morning at the Square of Democracy on the campus for a ceremonious meeting to mark the 90th anniversary of this university's founding.

Ulanhu, Lu Dingyi, Zhang Aiping, and Rui Xingwen wrote inscriptions for the occasion.

At the meeting, Mayor Jiang Zemin, as an alumnus extended warm greetings to this university on behalf of the municipal CPC Committee and government. He spoke highly of the remarkable achievements made by the university in reforming its education system, training competent persons, and conducting scientific research. He said the primary task of university education is to cultivate students into new people who have high ideals and moral integrity and who are well educated and self-disciplined. Bold steps should be taken to change all thoughts, contents, and methods of education that are incompatible with our socialist modernization program.

It is imperative to change the old tradition practice of divorcing education from the economic work in society and the old traditional outmoded criteria for defining competent people and, instead, uphold the viewpoint which emphasizes cultivating the students' intelligence and skills.

The precursor of Jiaotong University in Shanghai, Nanyang Public Institute, was founded in 1986. During the 90 years since then, as many as 46,000 people graduated from its various departments, and some 1,000 from its graduate schools. In particular, since 1978 when reform of the education system began, both the educational and scientific research work of this university have taken on a new look. In scientific research alone, it has accomplished some 1,400 research projects. Among them, more than 300 have won awards from the state, from ministries or commissions at the central level, or from departments at the provincial or municipal level. Now Jiaotong University has been included as one of the key units in the state construction program.

Yang Haibo, vice minister of the State Education Commission, who had made a special trip to Shanghai for the occasion, also addressed the meeting and extended congratulations.

Other municipal leaders attending the ceremony were Wu Bangguo, Wang Daohan, Chen Tiedi, Mao Jingquan, Zhao Zukang, Yang Kai, and Yang You.

The meeting was followed by the unveiling of the statues of (Sheng Xuanhuai) and (Tang Wenzhi), founder and 14th president respectively of Jiaotong University in Shanghai.

SHANGHAI INCREASES NEW TECHNOLOGY APPLICATIONS

OW181306 Beijing XINHUA in English 1122 GMT 18 Jun 86

[Text] Shanghai, June 18 (XINHUA) -- Shanghai, China's biggest industrial center, is taking steps to put new technologies into production, according to a local official. The municipal government has designated micro electronics, new materials, bio-engineering, optical-fibres, lasers, marine engineering and robotics as its key development fields.

So far, Shanghai has promoted the use of 13,000 micro computers in metallurgy, light, chemical, machinery and textile industries, and in post and telecommunications, transport, radio and television.

When a 256-line computer-controlled cable transmission system was put into operation, the average time for each cable was shortened to three minutes from 37, and the fault rate was greatly cut, the official said.

The Shanghai institute of silicate research under the Chinese Academy of Sciences together with six other research institutions and some factories have promoted the utilization of research results in optical-fibre telecommunication technology. The city can now produce terminals and optical components. Optical-fibre telecommunication systems have been used in the city's urban telephone service, power industry, radio, television, public security and transport.

Shanghai is also establishing a number of new technology experiment and development centers. Cooperating with the Chinese Academy of Sciences, such centers are being built for biological engineering, new chemical materials, large-scale integrated circuits and application of radiation technology in keeping vegetables fresh.

GUANGDONG COMMENTARY URGES STIMULATING PEASANTS' ENTHUSIASM

HK210457 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 21 Jun 86

[Station commentary: "Fundamentally Stimulate the Peasants' Enthusiasm for Agricultural Work"]

[Text] In recent years, large number of laborers in parts of Guangdong have poured into township enterprises, where income is relatively high. This is particularly the case in the Zhu Jiang Delta, where such enterprises are more developed. They are unwilling to engage in agricultural production, where income is relatively low.

This situation shows that there are indeed backward points in current agricultural production. For instance, there is the practice of sticking to one seed strain for many years; technology in dealing with plant diseases and insect pests is weak; production costs are high and economic results low. These things affect the peasants' enthusiasm for agricultural work.

The experience of (Lesu) District in Shunde County in popularizing advanced technology, improving the conditions for agricultural production, and raising agricultural economic results is therefore a fundamental measure for stimulating the peasants' enthusiasm for working in agriculture, and should be recommended.

SINO-FOREIGN JOINT VENTURES THRIVE IN GUANGZHOU

HK190804 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0240 GMT 13 Jun 86

[Text] Guangzhou, 13 Jun (ZHONGGUO XINWEN SHE) -- There are now 471 Chinese-foreign joint ventures and cooperative enterprises in Guangzhou which have obtained business licenses, a 100 percent increase over 1984.

Of these enterprises, the number of large and medium-sized projects has markedly increased and the number of productive projects has risen year by year. Before 1984, investments amounting to more than $5 million were concentrated on a small number of projects such as guest houses, large buildings, residential houses, and the Guangzhou-U.S. Food Company. Over the past 2 years, however, in addition to the tertiary industries, which have continuously developed, there have been 13 industrial and agricultural projects with an investment amount of more than $5 million each. The investment amounts of eight of them are about $10 million or above. For example, the total investment amount of the Guangzhou Peugeot Automobile Company using Chinese and French capital is $180 million. The number of productive projects exceeds 60 percent of the total.

A growing number of foreign businessmen have come to Guangzhou to make investments. The areas from which foreign capital is introduced have spread from Hong Kong and Macao to Southeast Asia, Europe, the United States, Japan, and other regions. Of the contracts signed last year, the investment amount of foreign businessmen accounted for one-third of the total.

Most of the Chinese-foreign cooperatave enterprises which have gone into production or started business have attained quite satisfactory economic results.

According to incomplete statistics, most of the 233 Chinese-foreign joint ventures and cooperative enterprises which have gone into production or started business are operating at a profit. Last year they made a total profit of more than $30 million and exported goods valued at about $20 million.

SHENZHEN ECONOMIC DEVELOPMENT STRATEGY, POLICY OUTLINED

HK191324 Beijing JINGJIXUE ZHOUBAO in Chinese 8 Jun 86 p 1

[Report by Guo Yanchun: "Meeting on the Strategy for Developing the Shenzhen Special Economic Zone Held in Beijing"]

[Text] A meeting on the strategy for developing the Shenzhen Special Economic Zone was held in Beijing on 24 May. Present at the meeting were Yu Guangyuan, Qian Jaiju, Huan Xiang, Fan Muchao, Ji Chongwei, Xue Baoding and other experts and scholars. The meeting specifically discussed two questions.

First, the orientation of opening up to the outside world for the Shenzhen Special Economic Zone: Many scholars hold that the outward orientation is correct because it is a basic feature of distinguishing between the special economic zone and other areas. The policy of outward orientation should include: 1) the special economic zone must be geared to the capitalist world, and particularly to develop countries; 2) the funds for construction of the special economic zone should basically be foreign investment funds; 3) production in the special economic zone should be mainly export-oriented and there must be a balance between income and expenditure of foreign exchange.

Second, the selection of production structure in the special economic zone: Participants in the meeting believed that the key to the question lies in how to handle the relationship between industry and trade. Practically, there are two different points of view. Comrades who advocate "giving first place to industry" believe that only when priority is given to industry, and efforts are made to develop modern technology industry and build strong industrial bases, will it be possible to make full use of the role of importing advanced technology and management knowledge, and lay a solid material foundation for trade and economic development in the special economic zone. Only then will it be possible to make up for shortages of natural resources, technology and trained people. However, comrades who advocate "giving priority to trade" believe that Shenzhen should make vigorous efforts to promote import and export trade, as well as entrepot trade, in order to build itself into a large commercial city between China and other countries and develop into a trade center of our country which lays stress on the export and entrepot trade, as well as a shopping, financial, and tourist center.

DEMOCRACY IN SHENZHEN'S SHEKOU 'AID' TO SUCCESS

OW211150 Beijing XINHUA in English 0625 GMT 21 Jun 86

[Text] Beijing, June 21 (XINHUA) -- The democratic polling system practised in the Shekou industrial area close to Hong Kong is a crucial aid to its future success, a senior Shekou official was quoted as saying today. Sheko is part of the Shenzhen [special] Economic Zone in Guangdong Province, where investors from Hong Kong, Macao and overseas enjoy preferential treatment such as low tax rates.

Yuan Geng, chairman of the area's Administrative Committee, said in an article in today's "GUANGMING DAILY": "In this area, a high level of socialist democracy is the key to the implementation of the open policy and economic reforms." "To achieve a high level of democracy," he said, "the people should have the right to elect, supervise and recall officials."

He said Shekou was particularly suitable for the practising of democratic voting because it was economically developed and its administrative efficiency was high. Its residents were well educated and had a good concept of democracy. "We've followed the practice of promoting officials through public polls within the area since 1982," he said. "Workers can decide through ballots on the promotion or demotion of officials." This had removed the "iron chair" -- or life tenure -- of leading officials, and encouraged efficiency.

Members of the Administrative Committee, Shekou's top tier of local government, are elected by secret ballot every two years. The area's 15,000 residents over the age of 18 choose the nine committee members from a larger list of candidates. In addition, electors cast "trust" votes every year for the nine representatives. Any committee member receiving majority disapproval from the voters must stand down.

Yuan said two committees had so far been elected by secret ballot, and a draft election law had been passed. In April, all members of the second committee won majority trust in a poll and kept their seats.

"Our committee frequently holds press conferences to answer questions about enterprise management and the area's administrative and economic results," he said. "We encourage academic organizations to comment on our committee's policies and measures, and the masses to criticize leaders by name."

Sixty-eight percent of the local work force is engaged in the manufacturing industry.

HAINAN: COMMENTATOR'S ARTICLE ON LESSONS OF LIN TAOSEN CASE

HK230519 Haikou Hainan Island Service in Mandarin 0300 GMT 22 Jun 86

[Report on 21 June NANFANG RIBAO commentator's article: "Deep Thoughts Aroused by the Heavy Sentenced Passed on Lin Taosen"]

[Excerpts] Lin Taosen, former member of the Standing Committee of the Hainan Regional CPC Committee and director of the Organization Department, engaged in criminal activities during Hainan's large-scale import and resale of automobiles for profit. He degenerated from a leading cadre shouldering heavy responsibilities into a speculator committing serious crimes, for which he has been sentenced to life imprisonment by the judicial organs. Following this heavy punishment, people must inevitably ponder deeply what this case shows and what profound lessons should be drawn from it.

The Lin Taosen case occurred under conditions of reform and opening up the world. It profoundly shows that an environment of peace with merry songs and dances is just as severe a test as an environment of war with roaring guns and a hail of bullets. So many people who were not felled on the battlefield were hit by sugar-coated bullets in peacetime.

This was because they were always highly vigilant against armed enemies but relaxed vigilance and became apathetic with regard to decadent exploiting-class ideology in an environment of peace.

Lin Taosen was an old cadre who joined the CCPC in 1941. He joined the Qiongyai Column when he was 13. The crimes he committed amid a peaceful environment profoundly show that if an old cadre who has undergone party education for many years abandons political studies, neglects ideological remolding, and replaces faith in communism with worship of capitalism, he may degenerate amid the new conditions of opening up to the world and invigorating the domestic economy, and turn into a criminal. Lin Taosen precisely evolved from ideological wavering into political degeneracy. Hence, our old cadres and old party members must certainly not give themsleves a privileged position on the question of ideological remolding.

The facts of Lin Taosen's crimes show yet again that turning the powers in one's hands into a means for pursuing private interests in a marked characteristic of current criminal activities in the economic sphere. This is an outstanding problem.

In January 1983, Wang Zhong, former secretary of the Haifeng County CPC Committee in Guangdong, paid the supreme penalty for bribery and corruption. More than 3 years later, Lin Taosen, former member of the Standing committee of the Hainan Regional Taosen, former member of the Standing Committee of the Hainan Regional CPC Committee and director of the Organization Department, has been sentenced to life imprisonment for speculation. It is evident from this that no matter how strict the law, there will always be people who want to try their luck against the law. There is nothing strange about this, because we are in a great flood-tide of opening up and reform, and every time such a tide comes, it brings a mixture of good and bad. To open up to the world and enliven the domestic economic is our basic national strategy. After the dregs and dross have been washed away, the great flood-tide will roll on with even more grandeur, and reform and opening up will develop still more healthily.

HENAN GOVERNOR ON PLANT MANAGER, PARTY SECRETARY RELATIONS

HK140611 Zhengzhen Henan Provincial Service in Mandarin 2200 GMT 13 Jun 86

[Excerpts] Governor He Zhukang inspected work in Anyang City from 8 to 11 June. He stressed that it is essential to persevere in reform, manage the enterprises with strictness, and promote industrial production.

He Zhukang said: All urban work must be closely centered on economic construction. In the final analysis, work performance must be judged by the development of production and the improvement of economic results. We are opposed to one-sided pursuit of output value and growth. However, we must have the guiding idea of ever striving upward. We can produce more if there are sales outlets for our goods and sources of raw materials.

Apart from visiting Anyang, He Zhukang also inspected work in Xinxiang and Hebi, focusing on questions of industrial production and practicing the plant manager responsibility system. His inspection lasted 9 days. In light of various experiences and lessons, He Zhukang advanced a number of views on correctly handling relations between the plant manager and the party committee secretary.

He said: Practicing the plant manager responsibility system is the decision of the central authorities and marks a major reform in the leadership setup of China's enterprises.

We must correctly understand and practice the party committees' role as guarantee and supervisor. At present the main thing is to persevere in reform and ensure that plant manager responsibility system is practiced. This is an extremely important reason why the system has been practiced relatively well in a number of large and medium enterprises.

It is necessary to draw up specific regulations regarding division of responsibilities between the plant manager and the party secretary, together with their work systems and policymaking procedures. We should gradually systematize and legalize these things.

The Behi City refractory materials plant and other units have drawn up work regulations for the plant manager, party secretary, and workers' congress. Anyang City has proposed three divisions and three unities: division of responsibility and unity of thinking; division of work and unity in aim; and division of system and unity in relations. These are good methods to refer to.

An enterprise is an entity. It is essential to have an integrated set of work systems for its party and government organs. We cannot have two carts travelling side by side, each with its own system. At present there are still two sets of structures in many enterprises. Apart from duplication, there is also buck-passing and a great deal of wasted energy. The two sets should be merged into one and be responsible both to the plant manager and the party secretary in accordance with division of work.

The secretary should support a decision taken by the manager within the framework of the powers given the latter by the state. If there is a difference of opinion, the secretary should still respect the manager's decision, so long as the question is one of principle. If there is a difference of views on major issues, a party committee meeting or a plant management committee can be held to discuss the matter; or else it can be referred to the upper level for a decision.

Both the plant manager and the secretary must put reform and production in first place. They must also have more contacts and consultations with each other. They must respect each other. The secretary must be broad-minded and spontaneously switch from his policymaking status to the role of guarantee and supervisor. On the other hand, the plant manager must correctly exercise his powers, and rely on the party committee and the plant management committee. He must be skilled in coordinating the wisdom of everyone to do his work well. The plant manager must take a correct view of the opinions of his comrades and the investigations carried out by the upper-level departments.

He Zhukang pointed out: At present the various relationships involved in practicing the plant manager responsibility system have not been harmonized well. The leading departments must take a positive attitude in investigating and analyzing the problems and help to solve them. This is an important task in service work.

SHANXI FORUM DISCUSSES MALPRACTICES IN CADRE SELECTION

HK210316 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 20 Jun 86

[Excerpts] The Organization Department of the provincial CPC Committee recently held a forum of prefectural and city CPC Committee Organization Department directors to discuss the further implementation of the CPC Central Committee's instruction on selecting and appointing cadres in strict accordance with the party principles.

Lu Gongxun, member of the Standing Committee of the provincial CPC Committee and director of the Organization Department, spoke on a number of major things to be grasped in organization work in the second half of the year. He stressed that we must continue to investigate and deal with malpractices in cadre selection and appointment and promote a fundamental turn for the better in party style.

He said: The party organizations and the organization and personnel departments must continue to implement in depth Central Document No 4, the CPC Central Committee instruction on strictly acting according to party principles in selecting and appointing cadres, and the Shanxi Provincial CPC Committee's Document No 22, on serious implementing Central Document No 4. We must get a still better grasp on checking on and correcting malpractices in cadre selection and appointment. We must overcome fear of difficulties, strengthen confidence, and boldly tackle tough problems. We must deal severely with people who, on the cadre employment question, engage in malpractices and favoritism, pursue factionalism, and even abuse their powers. Those who are not suitable for work in the organization and personnel departments must be transferred elsewhere.

SHANXI COMMENTARY STRESSES MERIT APPOINTMENTS, NOT FAVORITISM

HK210314 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 20 Jun 86

[Station commentary: "Persevere in Appointing People on Merit, Oppose Appointing People by Favoritism"]

[Excerpts] Whether in personnel work to persevere in appointing people on their merits and pursue great unity or to appoint people by favoritism and organize small cliques represents a crux in the frequent appearance of contradictions within the party. If this problem cannot be correctly viewed and handled, it will affect the unity of the leadership groups and the cadres, and will also have an adverse impact on the selection of talented people.

As a result of bringing order out of chaos in recent years, the party committees at all levels are able to implement the Central Committee's line of organization work. However, a few leading cadres lack sufficient awareness and do not perform well enough in this respect. For instance, when recommending and selecting cadres, certain people always focus on the small cliques with which they are familiar, introducing old fellow provincials, fellow students, fellow subordinates, and so on. They simply want to select such people regardless of whether or not they meet the criteria. Some comrades draw demarcation lines according to factions and gangs; they cannot praise enough those who belonged to the same faction or gang as them, while describing as shortcomings the strong points of people who belonged to other factions or gangs. Some even insert sons, daughters, and relatives in the leadership groups or important work departments who are fundamentally unsuitable for the posts [words indistinct].

As a result, contradictions are always being caused between comrades who uphold principles and comrades who appoint people by favoritism. Unprincipled disputes also break out among them, and they have no common language on the question of personnel appointments. This has a serious impact on our proper employment of cadres.

It must be pointed out that to draw demarcation lines according to family relationships or factions and to cultivate personal forces is a wrong method of handling cadre issues. Cadres are all party cadres, and cannot be divided into yours and mine. Lower-level cadres should not seek defenders and backers and regard themselves as belonging to a particular person. Cadres are promoted by the party organization, and should not be regarded as being promoted by any particular person.

The most fundamental thing in handling contradictions over the cadre issue is to uphold the party's cadre line of appointing people on their merits and oppose appointing people by favoritism. This demands that certain comrades eliminate the backward, obsolete, feudal and patriarchal ideas in their minds. It is also essential to eliminate the remnants of factionalism.

We must broaden our vision with regard to promoting talented people and focus on able cadres who are not familiar to us instead of only looking at the small clique that we know. We must implement the Central Committee's criteria and procedure for selecting and appointing cadres. The masses should recommend them, the organization should examine them, the party committee should study the matter collectively, and things should be decided in line with the jurisdiction over cadre management. We must also enforce strict organization work discipline. We must by no means indulge people who pay no heed to this discipline and abuse their powers on the cadre issue. They must be criticized or punished as appropriate.

Only by doing these things can we speak a common language on the cadre issue and eliminate a point at which contradictions in the party become acute.

SHANXI: CRACKING DOWN ON ECONOMIC CRIME EMPHASIZED

HK220243 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 21 Jun 86

[Excerpts] A provincial conference on cracking down on economic crime concluded in Taiyuan on 21 June. The meeting stressed that it is essential to have a correct view of the situation, mobilize the whole party and people for a general battle, vigorously tackle major and important cases, and produce tangible results.

Wang Jiangong, deputy secretary of the provincial CPC Committee, spoke at the meeting. He said: We must focus on investigating and dealing with major economic crimes committed by party and state work personnel, especially cadres at and above county-level. In this work, the party committees, discipline inspection commissions, and political and legal work departments must take an upright and firm stand in breaking through relationship networks, and resolutely dealing with the cases in accordance with party discipline and state law. They must certainly not discard principles and, still less, protect offenders.

The current phenomenon of weakness and ineffectiveness in tackling major and important cases, which exists in a few places, is caused by failure to strictly enforce the law [words indistinct]. Such cases must be investigated and tackled without exception, no matter where they occur and which units and persons are involved. We must certainly not be short-handed in this matter.

KMT, NONPARTISAN LEGISLATORS EXCHANGE VIEWS

OW250405 Taipei CNA in English 0232 GMT 25 Jun 86

[Text] Taipei, June 24 (CNA) -- Seven Kuomintang and nonpartisan legislators dined together Tuesday noon for the first time to increase their mutual understanding and exchange views on matters of mutual concern.

Political observers in Taipei said they believe the holding of such a gathering will help reduce misunderstandings and ease tension between the two groups of legislators in future sessions of the Legislative Yuan.

The gathering has attracted wide attention from people in this nation because it was held after the third communication meeting between three deputy secretaries general of the KMT Policy Coordination Committee and seven members of the Nonpartisan Public Policy Research Association was shelved early this month.

Participants in the lunchoen stressed that they attended the gathering mainly to welcome nonpartisan legislator Hsu Jung-hu, who has just returned from a visit to the United States and to extend congratulations to KMT legislator Hsiao Tien-tsan who has been appointed a minister without portfolio, and they denied any political implications involved in such a gathering.

The three KMT legislators who attended the luncheon were Liang Su-jung, Hsiao Tien-tsan and Chou Mu-wen, and the four nonpartisan legislators were Chiang Peng-chen, Hsu Jung-shu, Chang Chun-hsiung and Fei Hsi-ping.

NONPOLITICAL CONTACTS EXPLORED WITH COMMUNIST COUNTRIES

HK230353 Hong Kong SOUTH CHINA MORNING POST in English 23 Jun 86 p 14

[By Terry Cheng]

[Text] Fresh from the experience of "direct talks" with Beijing over the China Airlines incident, Taipei is further exploring non-political contacts with communist countries. This may bring about many contacts between Taiwan and the mainland, and at the same time re-establish the regime's status in the international arena.

In a new move, the Taiwan Government has in principle agreed that the match between its national basketball team and its Soviet counterpart in Moscow will be televised to the island's audience. This will be a departure from a years-old rule that bans telecasting of matches with communist countries. Government spokesman Dr Chang King-yuh said last week the issue is now under study by the Government Information Office and other government units.

"In principle, it is hoped that based on an open attitude the case can be treated as an individual one," he said. Taipei has banned the telecasting of matches involving communist countries in the current soccer World Cup based on an old rule.

Lately, Taiwan has displayed greater flexibility in its relations with communist countries. Besides sending its national women's basketball team to Moscow for the 10th World Women's Basketball Championships in August, another team will leave for Prague for a tennis tournament next month.

The reasons given by the government are that sports should be separate from politics and the approval does not run counter to the basic national policies.

Indications are that Taiwan is increasingly applying the "apolitical" principle on its contacts with the communist countries. Earlier this month, the Taiwan team met the mainland team in the basketball tournament in Kuala Lumpur. The Taiwan Government said this did not violate its policy towards Beijing.

The FREE CHINA JOURNAL published by Dr Chang, who is director-general of the Government Information Office, said the approval of sending sport teams to communist countries has the support of Taiwan people. It quoted a poll by Taiwan's UNITED DAILY NEWS that 83 per cent of the interviewees in Taipei endorsed the decision. The journal further defended the decision, saying Taipei is always strongly opposed to and protests against polluting the international sports scene with politics.

"Whatever the reasons, it is wrong and unfair to deprive athletes from any nation of the right to participate in international sports."

Observers are interested to see to what extent the principle of "sports separate from politics" will be applied in other fields. Academic events are naturally one other arena where the principle could be applied. But will it be applied to, say, family reunions between relatives on the mainland and Taiwan? And will it be applied to international organisations, such as the Asian Development Bank, which is involved more in the economy than politics?

Taipei's face-to-face talks with Beijing over the return of the China Airlines jumbo cargo plane and its crewmen last month has some bearing on the government's display of greater flexibility.

The FREE CHINA JOURNAL said drawing on the experience on the talks, "we believe that only by striking back against Beijing's invisible war, will the Republic of China win support from and stand upright in the world community." It said: "Given our current social, economic and political progress, we are confident in facing any challenges from Communist China.

"All the people-to-people exchanges ... should be encouraged. Only through such contacts can it be shown that the ROC's [Republic of China] system and experience are the only roads to develop a better tomorrow for the one billion Chinese people."

CHIANG WEI-KUO DISCUSSES IMPORTANCE OF COMMUNICATING WELL

HK231340 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1230 GMT 23 Jun 86

[Report: "Chiang Wei-kuo Stresses the Need To Pay Serious Attention to Agreement on Major Issues While Tolerating Minor Differences in Communication" -- ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 23 Jun (ZHONGGUO TONGXUN SHE) -- According to Taipei sources, on a public occasion, Mr Chiang Wei-kuo, the newly appointed secretary general of Taiwan's "Security Council," suggested that in the face of disputes and conflicts, an organization or an individual should seek common understanding in terms of general principles and general directions, while displaying mutual respect and tolerating "minor differences" over minor issues and issues that would not produce adverse effects on public interests.

He stressed: This coexistence of "major agreement and minor differences" is one of the spiritual goals of the Chinese culture, which is centered on the principle of the golden mean.

According to the CHINA TIMES, Chiang Wei-kuo said the above when he elaborated on the relations between an individual and the community at a meeting of an organization. This was his first public speech since he assumed his new office.

Quoting the song "Your Me and My You," Chiang Wei-kuo suggested that people should be broadminded enough to be able to "see part of others in themselves and part of themselves in others" and that this spiritual goal of "merging oneself with others" was the essence of the Chinese culture.

Commenting on the issue of "communication," Chiang Wei-kuo, using people speaking different languages as an example, stressed that at a gathering of many people speaking different languages, one should speak the common language, not one's own dialect, and that only by doing this can one communicate efficintly. He maintained that the communication barriers between people are mainly a result of their different attitudes and of different ways they look at things. Thus, he emphatically pointed out that if people always readily accept new concepts and new knowledge, realize that "there is part of themselves in others and part of others in themselves," and respect one another, there will not be any communication barriers.

NATIONAL ASSEMBLY ADVOCATES INCREASED TRADE WITH W. EUROPE

OW230343 Taipei CNA in English 0235 GMT 23 Jun 86

[Text] Taipei, June 22 (CNA) -- The Constitutional Resesrch Council of the National Assembly urged the government Sunday [to] be more active in seeking better mutual relations between this country and West European countries.

In its research report on this topic, the council pointed out that the total population, area, and national gross product of the 12 European Community countries are much higher than that of either Japan or the United States, and that their foreign trade volume is three times larger than that of the United States and six times higher than Japan's, occupying almost 40 percent of the global business. But only 10 percent [of] this nation's business and trade pie is devoted to European nations.

The conditions for upgrading these relations are favorable to the ROC since this country has established 22 trade and commercial offices in these countries in recent years, and in return, 11 European countries have also set up their counterpart offices and 13 European banks are operating branches here, the report stated.

In order to upgrade the nation's relations with West European countries, the council urged the government to take active measures in two general areas:

-- In the political arena, set up a unifying organization authorized to handle certain levels of European affairs; do more research work on European countries; and increase contact with parties and organizations in Europe.

-- In technology, increase contact with important leaders and parliamentarians of European countries; strengthen the functions of Overseas Chinese organizations; invite European journalists to visit the ROC; encourage private Chinese groups to pay visits to European countries; and research European military technological knowhow and induce European nations to transfer it to the ROC.

PRC INCREASES GOLD PRODUCTION, EXPORTS FOR FOREIGN EXCHANGE

HK200527 Hong Kong SOUTH CHINA MORNING POST in English 20 Jun 86 BUSINESS POST p 1

[By BUSINESS POST Editor John Mulcahy]

[Excerpt] In an effort to shore up dwindling foreign exchange reserves, China has stepped up gold production and sales, exporting more than 1.8 tons to Hong Kong in March alone, compared with minute quantities before that.

Details of China's gold mining output are sketchy, but Mr Victor Lam, managing director of Shearson Lehman Brothers Bullion (Asia), said in London yesterday China's future output and exports are likely to be much higher than expected.

Addressing the FINANCIAL TIMES "World Gold in 1986" conference, Mr Lam estimated China's gold reserves at 400 tons by the end of last year. On production, Mr Lam said China's private enterprise mines now account for about half the country's total production, and "the government has raised the internal purchase price several times as an incentive."

Speaking on "the view from Hong Kong and Southeast Asia," Mr Lam said China sold gold jewelry valued at about 1.4 billion yuan (about HK$3.41 billion) on the domestic market last year, an increase of more than 300 percent over 1984.

"In Shanghai, the main centre, consumers are going for the finer carat gold jewelry, a sign of the more different affluent times," he said.

PRC TRANSPORT CHANGES EASE INVESTORS' OPPORTUNITIES

HK210442 Hong Kong HONG KONG STANDARD in English 21 Jun 86 BUSINESS STANDARD p 1

[By Eva To]

[Text] China's huge spending plan to upgrade is transport facilities in the next five years has opened the way to massive new business opportunities for Hong Kong and other foreign investors. China recently resolved to spend about US$10 billion upgrading its railway system, as well as US$3 billion (RMB [renminbi] 10 billion) on ports and place orders for at least 300 new aircraft in the next five years.

The size of such investments is very significant, given Beijing's recent policy of holding back infrastructural spending for fear of a renewed unco-ordinated over-expansion of the country's economy. With the massive volume of transhipment of goods to China through Hong Kong, local transport and freight forwarding companies are expected to benefit greatly by its upgrading move of China's transportation network, China analysts said.

Since the opening up of China in 1979, a mushrooming volume of consumer goods, in addition to cargo supplies related to China's infrastructural and industrial development, have been transhipped through Hong Kong. These include the transhipment of supplies for nearby projects like the Daya Bay nuclear powr plant, the 1,100 megawatt power station at Tai Ping, a floating glass factory in Shekou, a cement plant in Guangzhou and glass and beer factories in Zhuhai.

Mr Paul Woodward, managing editor of CHINA TRANSPORT, believes that trading and consultancy companies based in Hong Kong are also likely to have their business volume boosted as a result of such improvements in China's transport infrastructure. However, as Hong Kong does not have any base in infrastructural construction such as the building of new roads, berths, cranes, ports and airports, Mr Woodward feels that Hong Kong will be able to capitalize indirectly from such developments on the trade front.

Other than Hong Kong companies, foreign investors in general are beginning to take on a greater role in these developments, according to Mr Woodward.

Officials of China's Ministry of Communications recently indicated that negotiations are currently under way with more than 80 foreign companies just on port schemes alone. The Japanese port of Kobe and the World Bank, for example, are heavily involved in a project at Tianjin which is worth some US$250 million.

Railways, described to be "arteries of the national economy" by Chinese officials and which carry some 70 percent of all goods [that] travel in China, have been given high priority in the infrastructural scheme. Electrification of the lines and of the rail offices are among the priority area of development. Computers are being introduced at various management levels, as well.

Mr Woodward believes the rapid expansion of China's economy over the past eight years was the major cause of the enormous strains on the country's transport infrastructure. Given China's huge economy, the size of the task makes it hard for China to have its transport system surge ahead in line with its economic development within a short period of time, analysts said. Though putting money into such systems is an important pre-requisite to improve the transport infrastructure, but Mr Woodward said it is extremely important to know how to spend investment available wisely and put brakes on areas of lower priority.

ONE-THIRD FUJIAN JOINT VENTURES SHORT OF FOREIGN EXCHANGE

HK250435 Hong Kong SOUTH CHINA MORNING POST in English 25 Jun 86 BUSINESS POST p 1

[By Olivia Sin]

[Text] About 100 joint ventures in Fujian Province are having problems earning enough foreign exchange to meet their expense and investments, according to a senior provincial official visiting Hong Kong. Mr Gu Ming, Fujian's Foreign Economic Relations and Trade Commissioner, said the problems stemmed from when companies' dependence on imported raw materials and their failure to export finished goods. The 100 problem-cases represent about a third of the joint ventures in Fujian.

Mr Gu said provincial authorities, including officials of the foreign exchange control bureau were taking steps to solve the problems. "Fortunately, their (the ventures) difficulties are not too serious," he said, adding that none of them was the brink of bankruptcy. Among the problem ventures are factories and servicing outlets, including hotels and restuarants.

Analysts said an increasing number of joint ventures in China were suffering shortages of foreign currency either because of a lack of planning or some unforseen difficulty in working in China.

In Guangdong, it was recently reported that more than half the 139 joint ventures sampled in a survey could not balance their foreign exchange accounts. Recognizing the problem, the State Council announced interim regulations some months ago to ease the ventures' difficulties. They included permission for joint ventures to use their yuan earning to buy certain Chinese goods and export them to generate hard currency.

Foreign investors in the problem ventures were also allowed to invest their yuan earnings in other foreign-exchange-generating ventures to compensate for their own shortfall. The regulations permitted the scale of finished goods to other state corporations, in exchange for foreign currency, as a substitute for imports.

Mr Gu said the Fujian authorities were making use of the new regulations to help the struggling ventures. "We have already succeeded in easing the difficulties of number of problem ventures."

Mr Gu is a member of a high-level Fujian delegation visiting Hong Kong to lure investment and technology. The delegates will today address a seminar on Fujian's economy organized by the Hong Kong Trade Development Council. During this visit, Fujian also hopes to start talks with foreign investors on 31 projects ranging from machinery-manufacture and light industry to marine culture.

Apart from the currency issue, Mr Gu admitted that foreign investors faced problems of bureaucracy, low efficiency, sourcing supplies and failure to make profits. But the economic reforms under way in China should help to boost efficiency and reduce red tape.

The Fujian authorities believed investors should reap "reasonable profits" to compensate for their investments and the risks encountered in China.

Between 1979 and last year, Fujian signed agreements for the formation of 699 joint ventures -- 200 of them last year alone. Many, however, are for service industries, contrary to the state's wish to channel foreign investment into the manufacturing sector.

The vice-director of Fujian's Foreign Economic Relations and Trade Commission, Mr Zhang Liang, said the province's exports reached US$409 million last year and imports totalled $600 million. About 30 percent of imports were consumed goods and electrical appliances, imports of which will be curbed this year.

GUIZHOU IMPROVES EXPORT PERFORMANCE BY 95 PERCENT

HK200616 Hong Kong HONG KONG STANDARD in English 20 Jun 86 BUSINESS STANDARD p 4

[By Eva To]

[Text] One of China's backward provinces, Guizhou, has posted record increase of 95 percent in its exports in a year. According to Vice-Governor Mr Liu Yulin, the province's efforts in developing its economic base in recent years has started paying off.

Mr Liu said the annual growth rate of the province's economy has averaged 8 percent in recent years. And the spectacular export performance will provide the foreign exchange funding needed to push vigorously its general economic development.

Guizhou exported goods worth US$22.5 million during the first five months of this year.

During a recent interview with reporters from Hong Kong, the province's senior official said that since 1983, a total of US$22.39 million in foreign investment has been channeled into Guizhou. And the province has imported more than US$60 million of machinery and facilities needed for production during the same period.

To an extent, Mr Liu said, a huge jump in imports is magnified by the relatively low base of such imports in past years. Because of the foreign exchange accumulated during these years it was possible to import so much in 1985, he said.

As a relatively backward region compared with other provinces -- apart from getting a greater share of the funding pie from Beijing -- Guizhou was allowed to retain a greater percentage of its foreign exchange earnings than other provinces.

"In recent years, we managed to get about RMB [renminbi] 700-800 million of subsidy from Beijing each year," he said. Though specific portions of such funds are meant for well-defined purposes, Mr Liu is convinced these funds already constitute a very vital lifeline for the economic development of Guizhou.

While most provinces can only retain less than 30 percent of their foreign exchange earnings for their own development, Guizhou is one of the very few provinces which get the preferential level of more than 30 percent, said Mr Liu. Though such preferential treatment has played a vital role in boosting Guizhou's economic development in the last few years, the vice-governor believed Guizhou will strengthen its own capacity to generate the badly needed development funds. "We used to get blood supply from the central government, but now we are entering into a stage where we shall start manufacturing our own blood," he said.

On investment from other provinces, governor of Guizhou, Mr Wang Chaowen, said incomplete statistics show that more than RMB 150 million has been introduced into Guizhou through 500 economic and technical projects.

The cooperation projects followed a meeting of key leaders of five provinces and municipalities in the land-locked south-western region in 1984 and 1985. The meeting was encouraged by a directive from Beijing.

On export performance, Mr Wang pointed out that structural changes were taking place in the kind of commodities Guizhou exported. "The proportion of industrial and mineral products exported has risen to 60 percent while exports of agricultural produce has dropped to 40 percent since 1980," he said.

"Among the imports, the proportion of machinery and electronic equipment and scientific apparatuses has registered a gradual increase though the imports of means of production are still predominant," he added. Mr Wang stressed that structural changes in the province's imports and exports were essential to meet the changing need for industrial and agricultural development as well as the technical progress of the province.

Though satisfied with the current progress of foreign investment input, Guizhou does not seem to be very happy with the structure of such investment.

Investors from Hong Kong and Macao form the bulk of foreign investment in Guizhou, followed by Singapore, the United States, Italy and Sweden. Most of the investment is in hotels, buildings and other light and service industries. As a province rich in mineral and hydroelectric resources, Guizhou would like to see more future investments to be channeled into such fields, stressed the officials. Admitting that huge investment and the prolonged wait for returns on it may not be appealing to most potential investors, Mr Liu said the investment offered may be modified when such necessity arises.

As part of a drive to improve its communications with the outside world, Guizhou has joined other southwestern provinces in forming a regional airline joint venture with the country's national airline, Civil Aviation Administration of China. In the joint venture, Guizhou will contribute one 737 jet whereas Sichuan will provide the other two.

Guizhou plans to hold its maiden export promotion drive in Hong Kong in August this year.

PRC EASTERN CITIES FORM ECONOMIC COORDINATION BODY

HK200253 Hong Kong ZHONGOUO TONGXUN SHE in Chinese 1411 GMT 18 Jun 86

[Text] Hong Kong, 18 Jun (ZHONGGUO TONGXUN SHE) -- News from Nanjing: Today, commissioners and mayors of 15 prefectures and cities in the western part of the lower reaches of the Chang Jiang met in Nanjing to attend the first meeting of the "Nanjing Regional Economic Coordination Association."

The Nanjing region covers an area from Yangzhou and Zhenjiang in the east to Liuan in the west and from Huizhou in the south to Chuxian in the north, consisting of 15 prefectures and cities with 70 counties and cities under them. Its gross industrial and agricultural output value is about 60 billion yuan and it has an economic capability equal to that of a province. In this region, there are two provincial capitals, Nanjing and Hefei, and two well-known historical and cultural cities Nanjing and Yanzhou. There is also Wuhu, one of the four major cities dealing in rice; Maanshan, a rising iron and steel industrial base; and Huang Shan, a famous scenic spot.

Over the past few years, there has been a certain amount of development of lateral economic relations in this region. Nanjing, Zhenjiang, and Yangzhou have established a Nanjing-Zhenjiang-Yangzhou Economic Cooperation Zone and have thus already carried out cooperation and exchanges related to funds, materials and goods, personnel, technology, and information. They have also jointly carried out economic development in other areas. The seven counties and cities in Chuxian Prefecture have established cooperative relations with the seven districts in Nanjing City. Since Nanjing Port was opened up to the outside world, these relations have been strengthened.

This meeting will discuss matters such as the joint development and exploitation of Nanjing port, the establishment of a regional tourism coordination group, the expansion of cooperation related to materials, goods and technology, and the arrangements for funds. The association will hold a meeting every year, sources said. Jiangxi Province and Jiujiang City attended this meeting as observers.

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WORLD CONFERENCE ON RELIGION OPENS IN BEIJING

HK251024 Hong Kong AFP in English 0911 GMT 25 Jun 86

[By Pierre-Antoine Donnet]

[Text] Beijing, June 25 (AFP) -- Buddhist monks, Tibetan lamas, Taoist priests, Catholics, Protestants, Moslems and Jews gathered in the Great Hall of the People Wednesday to open a week-long meeting of the World Conference on Religion and Peace (WCRP). Some 200 representatives of the major world religions began the meeting with meditation for peace and a Catholic prayer recited by the archbishop of Delhi. "We are all brothers and sisters of one human family, under the Lord and father of all," Archbishop Fernandez told religious leaders from around the world taking part in the first WCRP conference to be held in a communist country. Later, the prelate and Catholic leaders from Australia, Canada, France, Italy, Thailand, the United States, West Germany and Zambia, held prayers at Beitang Cathedral, which Chinese authorities allowed to reopen in December.

Several thousand people gathered at the cathedral, and many sought to kiss the hand of the churchmen. Religious worship was banned in China and religious figures were frequently the target of persecution during the 1966-1976 Cultural Revolution and its radical aftermath. Representatives of other religious groups held similar prayer meetings in places of worship around Beijing.

Earlier, Tibet's second-ranking spiritual leader, the Panchen Lama, told the opening session of the WCRP: "Peace is a common goal of all religions as well as a lofty ideal of the whole mankind. "From the bottom of my heart, I hope that the people and religious believers of all countries will closely unite, to make their contributions to lessening world tension, safeguarding world peace." Tibet's spiritual leader, the Dalai Lama, has been in exile in India since a failed anti-Chinese uprising in 1959.

Since 1979, the Chinese authorities have allowed for greater religious freedom. While saying tolerance toward religions is a long-term policy, Beijing openly counts on their eventual disappearance when prosperity is assured for all. WCRP President Nikkyo Niwano said: "It is most significant that this meeting is taking place here in China, a nation that plays a crucial role in world peace."

The WCRP, a non-governmental organization attached to the United Nations, was created in Kyoto, Japan, in 1970. The Beijing conference is being held on the theme of "peace through work and prayer." The secretary-general of the WCRP, Dr. John Taylor, said Tuesday that Vatican authorities were very happy about the conference, which will provide an opportunity for informal contacts between China and the Vatican. China broke off relations with the Vatican in 1957 and created the China Patriotic Catholic Association for the country's three million Catholics.

At Beitang Cathedral, prayers were led by the bishop of Shandong, Zong Huande, head of the Chinese Patriotic Church, and the Bishop of Beijing, Fu Tieshan. Archbishop Francis Quinn of Sacramento said afterward he had been moved by the fact that people of all nationalities "were singing in one language, the whole church." He said his talks in Beijing would focus on peace and disarmament rather than on relations between the China and the Roman Catholic Church. But he added: "I think things are getting closer.

Christian leaders from Czechoslovakia and the Soviet Union were also reported to be taking part in the WCRP gathering. Some of the 30 countries invited to the conference, including Israel, South Korea and South Africa, have no diplomatic relations with China.

Zhao Puchu Addresses Conference

OW251400 Beijing XINHUA in English 1348 GMT 25 Jun 86

[Text] Beijing, June 25 (XINHUA) -- It is the consistent stand of the peace-loving Chinese religious believers to actively support the activities beneficial to the relaxation of the tense international situation and to safeguard peace and justice, an international gathering of religious believers was told here today.

Addressing the International Council of the World Conference on Religion and Peace (WCRP), Zhao Puchu, president of the Buddhist Association of China and co-chairman of the WCRP, expressed the belief that the convention of the conference would surely promote friendship and cooperation between Chinese and foreign religious believers in their cause of safeguarding world peace. This would also help increase the ties between the WCRP and religious believers of various countries so that WCRP may play a greater role in striving for peace and justice for mankind, Zhao added. Zhao also extended his warm welcome to the more than 100 religious leaders, public figures and scholars from over 30 countries and regions to the gathering.

In his opening remarks, WCRP honorary president Nikkyo Niwano said: "The United Nations has designated this year the International Year of Peace, and it is therefore most significant that this meeting is taking place in China, a nation that plays a crucial role in world peace." The main theme of this meeting is "peace through work and prayer," he said, adding that religions must cooperate to develop conditions for peace.

Congratulating the meeting, the Bainqen Lama, honorary president of the Buddhist Association of China, said the meeting was a matter of great significance. He expressed his sincere hope that the people and religious believers of all countries would unite closely and play their part in reducing world tension, safeguarding world peace and bringing happiness to mankind. It is possible for mankind to achieve a lasting peace through the joint efforts of various peace forces, the Bainqen Lama said.

Angelo Fernandes, honorary president of the WCRP, presided over a prayer for peace.

Jointly sponsored by American and Japanese religious bodies in 1970, the WCRP has called four world conferences at which many declarations of peace were adopted, and this has promoted the progress of the world peace movement, according to a WCRP official. The fourth meeting of the WCRP was attended by more than 600 religious believers from 60 countries and regions and the WCRP International Council was founded at the meeting.

Attending the opening session which took place in the Great Hall of the People here this morning were Zhou Peiyuan, president of the Chinese People's Association for Peace and Disarmament; Ren Wuzhi, director of the Religious Affairs Bureau under the State Council; Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries; and more than 500 Chinese Buddhists, Taoists, Muslims and Christians. The opening session was followed by a dinner hosted by Zhao Puchu, chairman of the Chinese reception committee, in honor of the participants.

REAGAN WELCOMES SOVIET DISARMAMENT EFFORTS

HK240741 Beijing RENMIN RIBAO in Chinese 21 Jun 86 p 7

[Report from Washington by reporter Zhang Yunwen: "Reagan Welcomes New Efforts of the Soviet Union in Disarmament"]

[Text] Last night, President Reagan said that on the issue of cutting nuclear arms, the Soviet Union "has begun making new efforts." The is the first time Reagan has welcomed the Soviet move on this issue during his 5-odd years' presidency. He also called on the Soviet leaders to agree at an earlier time on the work of preparing another meeting of the heads of the two countries. Reagan made this statement in a speech delivered at a secondary school in Glassboro, New Jersey.

Reagan said: The new development on the arms issue "may be an opportunity" for U.S.-Soviet relations. In the name of peace, he invited Gorbachev to take joint action with him.

Through this speech, Reagan commented for the first time on the new proposals made by the Soviet Union on arms control. He said: We cannot accept these proposals without revision. But it seems that the Soviets have begun making new efforts. Reagan said, "If both parties really want to achieve progress, this may develop a turning point at which the world will become more safe and peaceful." He added: The Soviet's moves on the arms issue have been "very disappointing," but a "new development has recently emerged."

Reagan made these statements under the circumstances in which the U.S. congress and its allied countries responded strongly to the U.S. decision of nullifying the SALT-II agreement. The House of Representatives adopted yesterday by 225 to 145 votes a nonbinding agreement, and urged Reagan to continue to adhere to the SALT agreement. On that same day, the military group of the Senate also passed a similar resolution. Furthermore, the House of Representative's Armed Services Committee decided to cut the allocation of "star wars" funds from $5.4 billion to $3.7 billion.

According to another report, the Soviet diplomats here expressed that the positive signs given by Reagan on the Soviet Union's arms proposals might clear obstacles for the next round of talks between leaders of the two countries.

STAR WARS CONTRACT BETWEEN U.S., UK ANNOUNCED

OW250623 Beijing XINHUA in English 0609 GMT 25 Jun 86

[Text] Washington, June 24 (XINHUA) -- The United States and Britain today issued a joint statement on the signing of a 10 million dollar letter of offer and acceptance between the two nations for a European architecture study for the U.S. Strategic Defense Initiative (SDI), U.S. Defense Department spokesman Robert Sims announced today. Sims also said at a Pentagon regular briefing that additionally, a British laboratory was awarded a 4.3 million dollar contract for the development of high brightness negative ion sources and neutralizer for use in neutral particle beam systems.

The agreements were announced as U.S. Defense Secretary Caspar Weinberger met with his British counterpart George Younger, who is visiting the U.S. for the first time as secretary of state for defense. Younger is expected to meet with other U.S. officials and visit the North American Air Defense and Space Command in Colorado.

The contracts fall under a memorandum of understanding signed last year by officials of the two countries opening the door for British organizations to participate in President Ronald Reagan's SDI program, commonly known as "star wars".

TASS CONDEMNS PLANNED U.S. NUCLEAR TEST

OW251246 Beijing XINHUA in English 1232 GMT 25 Jun 86

[Text] Moscow, June 25 (XINHUA) -- The official Soviet news agency TASS today condemned a planned U.S. nuclear test as a challenge to the public opinion of the world. Today's expected underground blast at the Nevada testing site would have a yield of up to 150 kilotons and would be the 13th the U.S. has conducted since the Soviet Union introduced a unilateral moratorium on nuclear tests last August 6. The Soviet moratorium has been further extended to August 6 this year. Moscow has asked the United States to follow suit, but Washington has so far failed to respond.

In defiance of world-wide protests, Washington "stubbornly refuses to halt nuclear explosions," TASS said in its commentary. The decision to extend the moratorium to August 6 demonstrates the extent to which the Soviet Union has exercised restraint, the news agency added. But how long Moscow will observe its self-imposed ban in the race of continued U.S. tests remains to be seen, analysts here say.

VICE FOREIGN MINISTER MEETS U.S. COUNTERPART

OW260132 Beijing XINHUA in English 0100 GMT 26 Jun 86

[Text] Washington, June 25 (XINHUA) -- Chinese Vice-Foreign Minister Zhu Qizhen met today with U.S. Under-Secretary of State for Political Affairs Michael Armacost to discuss bilateral relations and major international issues of mutual interest. During his three-day stay here, Zhu is expected to meet with Acting Secretary of State John Whitehead, Vice President George Bush and Acting National Security Advisor Peter Rodman. Zhu arrived here Tuesday.

WANG ZHEN, ZHANG JINGFU MEET U.S. TRADE GROUP

OW231246 Beijing XINHUA in English 1225 GMT 23 Jun 86

[Text] Beijing, June 23 (XINHUA) -- Honorary President of the China Association for International Friendly Contacts Wang Zhen and State Councillor Zhang Jingfu met on separate occasions with a trade delegation from the U.S. Small Business Administration here this afternoon. The leader of the delegation is Frank S. Swain, the chief counsel for advocacy of the administration.

Both Wang and Zhang expressed the hope that the delegation would explore the possibilities of cooperation of small and medium-sized enterprises in economy, trade and technology with Chinese departments concerned during its stay in China. Zhang stressed that while implementing the policy of opening to the outside world, China attaches great importance to developing its cooperation not only with large foreign enterprises, but also with those small and medium-sized enterprises. This evening Wang gave a dinner for the U.S. visitors in the Great Hall of the People.

TRIPARTITE TALKS PROPOSAL GAINS SUPPORT IN DPRK

OW251726 Beijing XINHUA in English 1518 GMT 25 Jun 86

[Text] Pyongyang, June 25 (XINHUA) -- The proposal for talks among the military authorities of the northern and southern parts of Korea as well as the United States is gaining widespread support in the Democratic People's Republic of Korea (DPRK).

The proposal, put forward by the Supreme Command of the Korean People's Army on June 17, was aimed to ease the tension on the Korean peninsula and remove the military confrontation.

Leaders from a number of political organizations in the North have spoken in public to support the proposal and urged the United States and the South Korean authorities to make prompt response.

Yu Ho-chun, director of the Secretariat of the Central Committee of the Democratic Front for the Reunification of the Fatherland, expressed his high appreciation of the proposal. He said the approach to the proposal is a touchstone by which to test who is seeking peace and who is seeking war.

Hong Ki-mun, vice-chairman of the Committee for the Peaceful Reunification of the Fatherland, asked the United States and South Korea to discard their wrong way of rejecting any proposal of the DPRK and give serious thought to the latest proposal.

Chon Kum-chol, chairman of the DPRK delegation to the preparatory meeting of North-South parliamentary talks, stressed that realization of the proposal, removal of the danger of war and easing of the strained situation will create conditions favorable to the North-South dialogue.

Many people from factories, collective farms, schools and Army units in the North have also voiced their support for the proposal either in newspapers or on television.

Meanwhile, the minister of Korean People's Armed Forces has sent a letter to William Livesey, commander-in-chief of the U.N. forces in South Korea, and Yi Ki-paek, defense minister of South Korea, calling for contacts at Panmunjom on June 27 in preparation for the military talks. But, the U.N. forces and South Korea have reportedly rejected the idea.

DPRK ISSUES STATEMENT ON NUCLEAR-FREE ZONE

HK241408 Beijing RENMIN RIBAO in Chinese 24 Jun 86 p 7

[Special dispatch from Pyongyang by reporter Xu Baokang: "Korean Government Issues Statement Proposing To Turn the Korean Peninsula Into a Nuclear-Free Peace Zone"]

[Text] The Korean Government today issued a statement proposing that the Korean peninsula be turned into a peace zone free of nuclear weapons. The statemente includes three proposed measures.

The statement says: At present, in order to safeguard peace and security in Korea, Asia, and the world, an urgent task is to remove all threats of nuclear war on the Korean peninsula. The Korean Government and people hold that in order to prevent nuclear war and strive for lasting peace, it is first necessary to take urgent measures to turn the Korean peninsula into a nonnuclear and peace zone without nuclear weapons and nuclear bases.

This new peace proposal of the Korean Government includes the following points: First, the DPRK Government will not test, produce, store, or import any nuclear weapons and will not permit the establishment of any foreign military bases, including nuclear bases, and will not allow the passage of foreign nuclear weapons through its territorial land, air, or sea areas.

Second, according to the wishes of the Korean people and the peace-loving people throughout the world to turn the Korean Peninsula into a nonnuclear and peace zone, the U.S. Government should stop delivering new nuclear weapons to South Korea, dismantle all the nuclear weapons that have been brought into South Korea in stages, and thoroughly dismantle and withdraw all nuclear weapons in the end. Meanwhile, the U.S. Government should take steps to call off all operational plans to use nuclear weapons on the Korean peninsula.

Third, the DPRK Government is ready to come to the negotiating talbe, no matter what form of negotiations, if the U.S. Government and the South Korean authorities consider it necessary to negotiate on the DPRK proposal for turning the Korean peninsula into a nuclear-free zone and a peace zone.

DPRK ENVOY MARKS ANTI-U.S. STRUGGLE MONTH

OW250836 Beijing Domestic Service in Mandarin 1100 GMT 24 Jun 86

[Text] The DPRK ambassador to China, Sin In-ha, held a press conference at the embassy this morning on the occasion of the month of anti-U.S. joint struggle from 25 Jun to 27 July. Sin In-ha said: U.S. imperialism and the South Korean puppet clique should immediately cease their adventurous war provocations, which threaten Korea, Asia, and world peace, in response to the unanimous call of the Korean people and the peace-loving people all over the world. They should also respond to our proposals for holding tripartite talks and for talks between the military authorities concerned, aimed at relaxing the tension on the Korean peninsula.

The All-China Federation of Trade Unions sent a message of solidarity to the General Federation of Trade Unions of Korea this morning, pledging that the Chinese trade unions and workers will, as always resolutely support the just struggle of the Korean workers and people for the independent and peaceful reunification of the motherland, the proposal of President Kim Il-song and the Workers Party of Korea and the Government of the DPRK for the establishment of a Koryo democratic confederal republic, and the proposal for holding tripartite talks.

PRC, DPRK TO EXCHANGE DELEGATIONS TO MARK TREATY

OW250720 Beijing XINHUA in English 0709 GMT 25 Jun 86

[Text] Beijing, June 25 (XINHUA) -- China and Korea will exchange party and government delegations for a goodwill visit from July 10 to 14 in commemoration of the 25th anniversary of the signing of the Sino-Korean treaty of friendship and cooperation and mutual assistance which falls on July 11.

This was announced by a Chinese Foreign Ministry spokesman at the weekly news briefing here this afternoon. He said that the Chinese party and government delegation will be headed by Tian Jiyun, member of the Political Bureau and Secretariat of the Chinese Communist Party Central Committee and vice-premier of the State Council, while the Korean party and government delegation will be led by Yi Chong-ok, member of the Political Bureau of the Korean Workers' Party Central Committee and vice-president of the Democratic People's Republic of Korea.

RENMIN RIBAO EXPLAINS JAPANESE TEXTBOOK ISSUE

HK250915 Beijing RENMIN RIBAO in Chinese 22 Jun 86 p 6

[Article by Rong Sheng: "What Is the Japanese 'Textbook Issue' About?"]

[Text] In 1982, the "textbook issue" emerged in Japan and was sternly criticized by public opinion both in Japan and in the world. The Japanese Government promised to correct the errors. However, a few years later, at the end of last May, major Japanese papers one after another reported that the new version of the senior middle Japanese history textbook, written by the "defend Japan national conference" has been examined and regarded as "up to standard" by the textbook examination board of the Japanese Ministry of Education. Generally, all the papers made negative comments on this. The news soon spread and aroused a strong response from relevant Asian countries and regions. On 7 June, our country's Ministry of Foreign Affairs sternly approached Japan over this issue and pointed out that many sections of the book seriously distort historical facts and demanded that the Japanese Government conscientiously implement the spirit of the Sino-Japanese communique and earnestly fulfill the promise that it made in 1982. Many readers asked: Why has the Japanese "textbook issue," which emerged a few years ago, reemerged today, when Sino-Japanese friendly cooperative relations are continuing to develop?

It happened in the following way: In the spring of 1982, the Japanese Ministry of Education proposed to revise, and then examined and approved, a number of textbooks, among which there were some textbooks which distorted historical facts and concealed the truth in quite a lot of their accounts of modern and current history and which attempted to absolve kJapanese militarists from being solely responsible for launching the war of aggression that brought disaster to the whole Asia-Pacific region. For example, they used the ambiguous word "advance" for the undisguised aggression against other countries. As a result, they seriously hurt the feelings of the people in various Asian countries who had suffered from the aggression. Naturally, this incident aroused strong indignation among the people of the countries concerned and was denounced unanimously by the Japanese people and by personages in the Japanese Government and the public.

At lthat time, the Japanese director of the Cabinet Secretariat published a speech saying: "In the Sino-Japanese statement, the Japanese Government said 'it feels keen regret for the great harm that Japan caused the Chinese people to suffer through the war, is aware of its responsibility for it, and expresses deep self-examination.' It has not in the least changed this view now." In the speech, he also said: "This spirit of the Sino-Japanese joint statement ought to be respected in Japanese school education and in examining textbooks. Japan will listen fully to China's and other countries' criticisms concerning problems of this kind related to our country's textbooks and the government will be responsible for the correction of the errors."

The above was the background and grounds for the demand raised in our country's Ministry of Foreign Affairs' note to the Japanese Government saying that the Japanese Government must carry out the spirit of the Sino-Japanese joint statement and earnestly fulfill the promise that it made in 1982.

There are quite a lot of versions of Japanese history textbooks. They are generally written by nongovernmental groups and personages and are finally examined and approved by the Ministry of Education, which does not usually examine and approve only one version of a history textbook.

The above-mentioned textbook is only one of the approved versions and has been written by the "defend Japan national conference." What kind of group is the "defend Japan national conference"? Why has it taken such pains to write a history textbook with so many erroneous accounts? Our readers will know the answers to these questions as soon as they analyze the "publisher's statement" and the views on some major historical incidents in that textbook which has been examined and regarded as "up to standard."

The "publisher's statement" says that it was not until July 1982, when Japan accepted China's and other countries' protests concerning textxbooks and "apologized" to them, that the "defend Japan national conference" began to discuss the textbook issue widely. They "worried" about the "biased accounts" and made up their minds to write a textbook that could make "youngsters love their country's history." Therefore, they spent about 2 years and held dozens of writers' meetings before they finished writing the book and sent it for examination and approval.

How does this book describe some major historical incidents? With what spirit do they want to teach Japanese youngsters? As the length of this article is limited, we only select its major viewpoints for our readers' consideration. Concerning the puppet "Kingdom of Manchuria," which was entirely set up by Japan alone, the book describes it as a new country that was set up under Japan's leadership and which was to develop a "kingdom of happiness" through encouraging "cooperation and concord" among the Japanese, Chinese, Manchurian, Mongolian, and Korean nations. Concerning the "'7 July incident' at Lugou Bridge" and the "Shanghai incident," which Japan purposely provoked in order to expand its war of aggression against China in all all-round manner and occupy the whole of China, the book says that the incidents occurred because "Chiang Kai-shek issued an order for general mobilization and the CPCP's army also took part in the war," and that Japan was forced into the war and thus "spread the war to the whole of China." As for the brutal Nanjing massacre that shocked people all over the world, the book deliberately refrains from mentioning the fact of the butchering of ordinary civilians by the Japanese troops, but on the contrary says that Japanese people did not know of this incident until after the war and that it is necessary to carry out a clear investigation regarding the "truth" of the incident. As for the "Pacific War" launched by Japan, the book says: "At that time, Japan called the war the 'great east Asian war' (the so-called Pacific war), and considered the goal of the war to liberate Asia from the rule of the European and American powers and to build an east Asian co-prosperity sphere under Japanese leadership."

People still remember well what the "kingdom of happiness" and the "east Asian co-prosperity sphere" were. When they were writing the book, the writers boasted that they wanted to be "objective and just" and to "correct biased acounts." However, from the views and accounts cited above, it is not difficult for our readers to see that what they call being "objective and just" is nothing but concealing the facts about the launching of wars of aggression, and that what they call "correcting errors" is in fact aimed at leading astray Japanese youngsters' education in history.

Precisely because of this, this book was first generally denounced in Japan by Japanese people of insight. In its editorial entitled "Why Should Such a Textbook Be Produced Now?" ASAHI SHIMBUN said that from the point of view of the book's contents, it is clearly characterized by willfully refraining from mentioning Japan's role as an evildoer in writing about modern and contemporary wars. The editorial warns: Education must serve posterity and should by no means serve the desires of the old generation of people who attempt to restore old ways! Japan's teachers and staff trade union sharply pointed out that the serious probems with the new textbook are: First, the "imperial Japanese view of history" permeates the whole book; and second, the book carries out no self-examination at all regarding the past war of aggression, on the contrary it describes it as a war of self-defense." Throughout the book, the word "aggression" does not appear, and it withholds the facts about the Nanjing massacre.

Amid loud condemnation at home and abroad, the relevant departments in Japan could not help but give the explanation that the textbook was still under examination and had not received final approval. According to Japanese newspapers, recently, relevant Japanese departments said that the final revised version conformed to the statement made by the director of the Cabinet Secretariat in 1982. If this is the case, our readers will hope that the history textbook really treats history in an "objective and just" manner and draws on lessons from history in order to facilitate log-standing friendship between Japan and its Asian neighbors and bring happiness to Japan's future generations.

BANGLADESH INTELLIGENCE CHIEF MEETS YANG DEZHI

OW160234 Beijing XINHUA in English 0158 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Yang Dezhi, chief of general staff of the Chinese People's Liberation Army, met here today M. Abdul Latif, chief of Interservice Intelligence of Bangladesh. During the meeting, both Yang and Latif spoke of the friendly ties between the two armies. Latif also conveyed President Ershad's invitation for Yang to visit Bangladesh.

PLA Official

OW131313 Beijing XINHUA in English 1152 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- He Qizong, deputy chief of the general staff of the Chinese People's Liberation Army (PLA), met and fated M. Abdul Latif, chief of Interservice Intelligence of Bangladesh, and his wife here this evening. The Bangladesh guests arrived in Beijing June 12 at the invitation of the headquarters of the PLA General Staff.

ZIAUL HAQ MEETS PRC-PAKISTAN YOUTH GROUP

OW2121446 Beijing XINHUA in English 1404 GMT 21 Jun 86

[Text] Islamabad, June 21 (XINHUA) -- Pakistan President Mohammad Ziaul Haq said here today that the contacts between school children of Pakistan and China have brought the Pak-China relations to a new dimension. At a meeting with members of the Sino-Pakistan expedition, Zia said that "China is not only our neighbor but also our best friend." The members of the expedition sang songs and performed dances at the presidential house, winning praises from the president who said "well done" from time to time.

The Sino-Pakistan youth expedition comprises 10 Pakistan members and 10 Chinese members, all under the age of 14. It is the first time for China and Pakistan to form a joint youth expedition to promote mutual understanding and friendship among youngsters of the two countries. The 10 Chinese school children arrived here on June 10 and joined their Pakistan counterparts on June 12 They then started their one-month tour of scenic spots and historical sites in Pakistan and China.

During their travel in Pakistan, the members of the expedition visited Lahore, Peshawar and the summer resort of Murree near Islamabad. They will leave here tomorrow for China through the Kunjrab Pass on the Pamirs to continue their tour.

HUANG HUA MEETS INDIAN MARXIST PARLIAMENTARIANS

OW231244 Beijing XINHUA in English 1221 GMT 23 Jun 86

[Text] Beijing, June 23 (XINHUA) -- Huang Hua, vice-chairman of the Standing Committee of China's National People's Congress, today met a visiting Indian Communist Party (MARXIST) parliamentarian delegation. Indian visitors arrived here June 20 at the invitation of the International Liaison Department of the Chinese Communist Party Central Committee and will make a tour of the cities of Dalian, Shanghai, Xiamen and Guangzhou.

ROUNDUP VIEWS TERRITORY TRANSFER IN INDIA

OW220206 Beijing XINHUA in English 0153 GMT 22 Jun 86

["Round-up: Transfer of Chandigarh to Punjab Deferred" by Tan Renxia -- Xinhua headline]

[Text] New Delhi, June 21 (XINHUA) -- On the eve of territorial transfers between two Indian states, Punjab and haryana, Indian Prime Minister Rajiv Gandhi and Punjab Chief Minister Surjit Singh Barnala yesterday decided to postpone the controversial action until July 15.

Chandigarh has been shared as a capital city by the two states, a situation which has caused on-going headaches. But last July an accord between the prime minister and Sant Longowal, the slain leader of the Sikhs who represent a majority in Punjab was reached by which Chandigarh would be transferred to Punjab but as compensation the Hindi-speaking areas now in Punjab would be ceded to Haryana.

The city of Chandigarh was constructed between 1951-65 as the capital of what was then the state of East Punjab. West Punjab became part of Pakistan. In 1966, East Punjab was reorganized -- the western portion became part of the newly established state of Punjab, the eastern part came under Haryana's administration and the hilly areas were transferred to Himachal Pradesh. Chandigarh became the capital of both Punjab and Haryana and a source of conflict ever since.

The transfer agreement reached by Punjab and Haryana was supposed to have occurred on January 26 this year but was delayed because a government-appointed commission could not identify the areas in Punjab which should go to Haryana in exchange for Chandigarh. Territorial claims and counter-clasims were tossed back and forth -- Haryana, for example, pleaded for 483 villages or an area of 450,000 acres which Punjab was not ready to yield.

The commission was changed and subsequently recommended that 70,000 acreas of land in Punjab should be transferred to Haryana in exchange for Chandigarh on June 21. It identified only 30 villages with a land area of 45,000 acres on the basis of 1981 census as Hindi-speaking areas in Punjab and sought a mutual acceptasble settlement between the two states on the remaining 25,000 acres. Haryana accepted the recommendation while Punjab insisted that only 45,000 acres could be transferred on June 21 and the remaining after its fate have been determination by another commission.

In an attempt to keep to the schedule of transferring Chandigarh -- one of Punjab's major demands -- the central government yesterday appointed yet another commission to determine the areas to be transferred to Haryana within a period of 12 hours. However, Punjab Chief Minister Barnala rejected the plan pointing out that it would be a "mockery of the judicial system" to expect the commission to give its verdict on such an important issue within 12 hours.

The delay has already caused great uncertainty among the populace of Punjab and Haryana and no one is convinced that this commission will be the last one to tackle the problem.

ZHONGGUO XINWEN SHE HAILS HU'S EUROPEAN TRIP

HK251251 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0350 GMT 23 Jun 86

["Short" commentary by Chen Dawei: "A New Chapter in Sino-European Relations" -- ZHONGGUO XINWEN SHE headline]

[Text] Rome, 23 Jun (ZHONGGUO XINWEN SHE) -- CPC General Secretary Hu Yaobang's current visit to four West European countries is a trip which will deepen mutual understanding, strengthen friendship and cooperation, and promote world peace.

Beginning 8 June, General Secretary Hu Yaobang visited four major industrial countries in Western Europe, namely, Britain, the FRG, France, and Italy. This is another important visit by a top Chinese leader to Western Europe, following premier Zhao Ziyang's visits to these countries in 1984 and 1985. Premier Zhao Ziyang will soon visit some European countries in 1984 and 1985. Premier Zhao Ziyang will soon visit some European countries along the Mediterranean Sea coast. All these diplomatic activities show that China highly values Europe's role in international affairs and is very interested in developing political, economic, technological, and cultural exchanges and cooperation with European countries.

As General Secretary Hu Yaobang has often mentioned during his current European trip, Europe is the source of modern civilization and is still one of the most economically, culturally, and technologically developed regions in the world. European people have previously suffered untold disasters from disturbances and wars and they detest war and ardently long for peace. Therefore, Europe will naturally be able to play a great role in the settlement of the two major issues -- peace and development -- in modern times.

On these two issues, China can successfully cooperate with Europe. The most important historical task for China at present and in the future is to modernize the country: By the end of this century, China will reach a comparatively well-off level; and then, after another 50 years of efforts, China will approach the development level of the developed countries. In order to achieve this goal, China needs a peaceful international environment. China holds that both China and Europe constitute important forces for preventing war and safeguarding peace. From the angle of economic cooperation, China and Europe also complement each other. China has rich resources and a vast market, while Europe has advanced technologies and adequate funds. Economic cooperation can not only promote the development of both sides, but can also contribute to the prosperity of the world economy.

Therefore, when General Secretary Hu Yaobang exchanged opinions with the leaders of the four European countries during the current visit, it was found that both sides had more in common than expected on the two above-mentioned major issues. Although there remained some differences on some concrete issues, both sides came to understand each other more profoundly.

During the visit, it has been found that relations between China and these West European countries are very good. In the past year since China and Britain succeeded in solving the Hong Kong issue, the two countries have developed their relations at an unprecedented pace.

The FRG is China's largest trading partner in Europe and China's third largest trading partner next to the United States and Japan in the world. Economic and technological cooperation between the two countries has reached a rather high level.

France was the first country in Western Europe to establish diplomatic relations with China and relations between the two countries have developed steadily.

As a country with a time-honored civilization, Italy's friendly relations with China can be traced back to remote antiquity.

Today, she is China's second biggest trading partner in Europe next to West Germany. Opinion in these countries holds that General Secretary Hu Yaobang's visit to these four West European countries will not only help deepen mutual understanding, but will also develop China's relations with Europe to a new level.

Tens of thousands of Chinese people and people of Chinese origin are living in these four West European countries, and thousands of Chinese students are studying there. So, wherever General Secretary Hu Yaobang went, he met with representatives of local residents of Chinese origin and Chinese students and relayed to them the regards of their countrymen. He encouraged Chinese residents to keep on good terms with local people so as to make contributions to friendship between the Chinese people and the people of these countries. At the same time, he also hoped that they would succeed in their businesses and careers and live and work in peace and contentment. Vice Premier Li Peng and Professor Fei Xiaotong also had the experience of studying in foreign countries when they were young, and they had heart-to-heart talks with Chinese students now studying in the European countries, encouraging them to work hard to master knowledge so as to serve the motherland in the future.

General Secretary Hu Yaogang's successful visit to these four West European countries will open a new chapter in Sino-European relations.

AGREEMENT SIGNED WITH ITALY'S ELECTRIC BOARD

AU251231 Rome ANSA in English 1204 GMT 25 Jun 86

[Text] Beijing, June 25 (ANSA) -- Italy's National Electricity Board (ENEL) will play a part in studying and planning the world's largest hydroelectric power-station to be built on the Yangtze River provided the financial part of the package signed here today receives Italian Government approval.

The agreement was signed with the Chinese Electric Power Ministry. Enel and two other contractors, Lotti and Ismes, will be supplying consultancy and measuring and control equipment for the series of dams to be built upstream from the river's famous "three gorges".

The initial contract is worth 1.7 million dollars, but sources at Enel say it should help other Italian firms to pick up contracts in building the dams.

13TH LCY CONGRESS OPENS IN BELGRADE 25 JUN

CPC Greets LCY Congress

OW260103 Beijing XINHUA Domestic Service in Chinese 1314 GMT 25 Jun 86

[Text] Beijing, 25 Jun (XINHUA) -- The CPC Central Committee today sent a message of greetings to the 13th National Congress of the League of Communists of Yugoslavia (LCY). The message reads in full as follows:

On behalf of the CPC members and the Chinese people, the CPC Central Committee most warmly congratulates the convocation of the 13th National LCY Congress, and through the congress extends its highest respect to all the LCY members and the people of all nationalities in Yugoslavia. The LCY has led the people of all nationalities in Yugoslavia to wage a prolonged, brave revolutionary struggle and overcome all types of difficulties and obstacles, and has finally won a great victory in socialist revolution and ushered in a new era in Yugoslav history. The LCY has dared to explore and to create the new. Having drawn rich experiences from practice, the LCY has developed the socialist self-management system and led the people of all nationalities in Yugoslavia in achieving, along the road paved by Tito, great accomplishments in socialist construction.

In recent years, you have stressed further improvement and development of the socialist self-management system, and made unremitting efforts in implementing the magnificent economic stabilization program and strengthening the material foundation in society. You have attached great importance to the positive role of the working class and all the workers in social development. We deeply believe that the convocation of the 13th National LCY Congress will open up new prospects in fulfilling these arduous but glorious talks. Inspired by the 13th national LCY Congress, the heroic Yugoslav people will certainly overcome the difficulties ahead and make new achievements in socialist construction.

As one of the sponsors of the Nonaligned Movement, Yugoslavia enjoys high prestige in the world. You have held high the banner of opposing imperialism, colonialism, hegemoinism and upholding national independence, always advocated the independent nonaligned policy, and made remarkable contributions to safeguarding world peace and the development of the Nonaligned Movement. China highly appreciates and firmly supports Yugoslavia in this regard.

The LCY is one of the pioneers in developing a new type of relationship between communist parties in the world. You have always safeguarded the basic principle of independence, equality and noninterference in each other's internal affairs and made remarkable contributions to promoting the healthy development of the international communist movement.

The cause of the Chinese and Yugoslav parties, the two countries and the peoples, is common. We are pleased to see that in recent years, our mutual understanding has been continuously deepened, our friendship continuously strengthened, and our cooperation continuously expanded. These kinds of relations of friendship and cooperation are built on the basis of mutual respect, mutual trust, mutual learning, and mutual support. They are not only conducive to the basic interests of the Chinese and Yugoslav peoples, but also beneficial to the cause of world peace and human progress. We deeply believe that following the continuous development of the cause of socialism in the two countries, the relation of friendship and cooperation between the Chinese and Yugoslav parties, the two nations and the two peoples will definitely be further consolidated and strengthened.

We wish the 13th National LCY Congress complete success!

We hope the heroic Yugoslav people will win new and still greater victories in their struggle!

We wish for a continuous development of the friendship between the Chinese and Yugoslav parties, the two nations, and the two peoples!

Zarkovic Receives CPC Delegation

OW260130 Beijing XINHUA in English 0044 GMT 26 Jun 86

[Text] Belgrade, June 25 (XINHUA) -- Yugoslav Communist League leader Vidoje Zarkovic today met with a visiting Chinese Communist Party delegation led by Politburo member Xi Zhongxun.

During the meeting, Zarkovic expressed interest in China's ongoing economic reforms, saying China's experience is of importance not only to China but to the world socialist movement as well.

Both sides expressed the belief that relations between their parties and countries will further develop.

Xi and his delegation arrived in Belgrade on June 23 to attend the league's 13th congress, which opened today.

Xi Zhongxun Meets DPRK's Yi Chong-ok

OW251210 Beijing XINHUA Domestic Service in Chinese 0714 GMT 25 Jun 86

[Excerpts] Belgrade, 24 Jun (XINHUA) -- Xi Zhongxun, member of the Political Bureau of the CPC Central Committee, told the Belgrade Television Station here today that the relations between the CPC and the League of Communists of Yugoslavia [LCY] are very close and truly founded on independence, equality, mutual respect, and noninterference in each other's internal affairs.

A CPC delegation, led by Xi Zhongxun, arrived in Belgrade yesterday. Xi Zhongxun this morning met and had a cordial conversation with Yi Chong-ok, member of the Political Bureau of the Korean Workers' Party Central Committee and vice president of the DPRK, who is in Belgrade attending the 13th LCY Congress.

Zarkovic Addresses Opening Session

OW250814 Beijing XINHUA in English 0801 GMT 25 Jun 86

[Text] Belgrade, 25 Jun (XINHUA) -- The 13th National Congress of the League of Communists of Yugoslavia (LCY) opened here today.

Vidoje Zarkovic, president of the Presidency of the LCY Central Committee, delivered a keynote report on the work of the league since the last party congress four years ago.

The report, entitled "LCY in the Struggle for the Further Development of Socialist, Self-Managing and Nonaligned Yugoslavia," reviewed accomplishments and difficulties the country now faces. It also discussed the causes of the present economic crisis and social problems and charted future tasks.

Zarkovic pointed out that ways to rid the country of its economic crisis will be found through forceful development of self-management, firm eradication of socio-economic base of autarky, reinforcement of an intensified economy and strengthening national unity.

The congress will also hear and examine a working report by the LCY Central Committee, modify the league's program and elect a new leading body.

Attending the congress are 1,742 delegates representing 2.1 million league members, and 125 foreign delegations, including a Chinese delegation headed by Communist Party Politbureau member Xi Zhongxun. About 2,200 local and foreign reporters are on hand to cover the congress, which will last four days.

Urges World Disarmament

OW250820 Beijing XINHUA in English 0804 GMT 25 Jun 86

[Text] Belgrade, June 25 (XINHUA) -- Describing the struggle against nuclear war and for peace as "without any doubt" the most significant global issue, Vidoje Zarkovic, president of the Presidency of the League of Communists of Yugoslavia, today called for an end to the arms race, in particular nuclear testing.

Addressing the 13th congress of the league, which opened here this morning, Zarkovic said the consequences of a nuclear war "would be disastrous for the entire human race." He said the arms race, and the possibility of it extending into space, as advocated by the military-industrial complex in the United States and some West European countries, is "alarming." "We emphatically condemn such a course and practice and resolutely demand measures to halt the arms race, ban nuclear weapons and begin a process of general and complete disarmament," Zarkovic said.

He said Yugoslavia has for decades advocated complete disarmament under international supervision, the liquidation of foreign military bases and the withdrawal of troops from foreign territories, a ban on nuclear tests, the formation of nuclear-free zones and other measures conducive to easing international tension and eliminating the danger of war. Zarkovic said his country had submitted several constructive proposals for disarmament and supports other initiatives in this area.

He also said Yugoslavia wants to develop strong and equitable relations with the big powers and the mediterranean and European countries. "We are particularly keen on having stable and all-round relations with all the neighboring countries," he said. "We have a profound interest in peace, stability and cooperation in the Balkans," he added.

Analyzes SFRY Economic Progress

OW250854 Beijing XINHUA in English 0810 GMT 25 Jun 86

[Text] Belgrade, June 25 (XINHUA) -- Vidoje Zarkovic, president of the League of Communists of Yugoslavia (LCY), says his country will overcome its current social and economic difficulties by strengthening socialist self-management, combating "decentralized statism" and transforming its extensive economy into an intensive one.

In his report to the 13th LCY Congress, which opened today, Zarkovic candidly outlined both the achievements and failures on the road to the nation's vigorous development from a was-devastated country into a modern self-management social community.

The report entitled "The LCY in the Struggle for the further Development of Socialist, Self-Managing and Non-Aligned Yugoslavia" noted that in less than 40 years (1947-1985), Yugoslavia's social product increased seven times, volume of industrial production 17 times, and social sector employment more than five times. Education, health welfare, culture and scientific research also grew and improved, the document said.

However, Zarkovic admitted, the league has made many mistakes due to unrealistic ambitions in development policy, disintegration of the countryside, disruptions in the economy's material structure, heavy borrowing abroad and unrealistic expenditures.

He sharply criticized the country's failure to develop a system of social planning based on self-management after it had abandoned statist centralized planning. "In dropping the statist method of concentrating and steering social accumulation," he said, "we failed to develop a system of concentration of resources in self-management. This reinforced the elemental and autarkic tendencies and intensified the disproportions in the material pattern of our country."

Zarkovic told the congress that the role of the state has grown beyond the constitutionally defined framework. Because of excessive interference, the state has prevented organized labour from exercising its constitutionally defined role, he said.

The president also attributed the country's current economic failure in part to unfavorable international conditions, particularly rising trade protectionism.

Zarkovic's report attacked nationalistic forces as "the most dangerous among the forces engaged in counter-revolutionary activities today." Zarkovic said since the last congress, economic and social crisis have peaked. The league too, he said, has matured and become better prepared to tackle the problems facing Yugoslav society.

He said the only way out of the country's economic crisis is through more intensive development of socialist self-management, abolition of "decentralized statism" and bureaucracy, speedier transition from extensive to intensive industry, and strengthening of national unity and equality.

The president called for a faster and more even realization of the long-term economic stablization program formulated in 1982 before the last congress.

He also required a halt to the declining living standards and more equitable distribution of the products of labour and urged adoption of a comprehensive anti-inflationary program at all levels, from basic labor organizations to the federation, to check Yugoslavia's inflation rate of 80 percent and unemployment, which stands at 1.1 million.

The LCY leader stressed that the principle of democratic centralism remains the inviolable foundation of relations with the league and that there is no room for federalization in the League of Communists.

The congress in scheduled to last four days.

Pledges Nonaligned Support

OW251006 Beijing XINHUA in English 0950 GMT 25 Jun 86

[Text] Belgrade, June 25 (XINHUA) -- Vidoje Zarkovic, leader of the League of Communists of Yugoslavia (LCY), today pledged continued Yugoslav backing for the Non-Aligned Movement. At the first session of the LCY's 13th Congress, Zarkovic said that "acting as an independent, global and non-alignment policy have asserted themselves as a major political and moral force of the contemporary world."

He told the 1,742 delegates at the congress that the Non-Aligned Movement, by its struggle for peace, democratization of international relations and establishment of a new international economic order, "is significantly contributing to progressive social development in the world."

He noted that the increasingly pronounced aspirations of nations, especially non-aligned countries, for peace and equitable international cooperation "are being countered by power politics, domination and hegemony."

Zarkovic pledged the Yugoslavia will continue to invest its efforts to strengthen the bilateral cooperation with the non-aligned and developing countries seeking in particular to increase mutual trade and scientific-technical cooperation.

A durable and stable peace cannot be secured unless the deep division of the owrld community into the rich and the poor is overcome and the major economic development problems of the developing countries, such as food, debts, commodity prices, technology transfer terms and the like are resolved, he said.

Zarkovic also called for the establishment of a new international order in the field of information and cultural exchange as the domination by the developed countries which jeopardizes the cultural and national identity of the developing countries is having an effect on overall international relations.

He stressed that the Non-Aligned Movement has prepared a comprehensive platform to address most international concerns and has offered a series of constructive proposals and ideas. "We are confident that the next conference) of the non-aligned countries) in Harare will also take a step forward toward resolving concrete problems on the way to overcome the grave economic difficulties of the contemporary world," he added.

FURTHER REPORTAGE ON MALIAN PRESIDENT'S VISIT

Visits Nanjing, Sees Governor

OW231240 Beijing XINHUA in English 1214 GMT 23 Jun 86

[Text] Nanjing, June 23 (XINHUA) -- Malian President Moussa Traore and his party arrived in Nanjing, capital of Jiangsu Province, this afternoon from Lanzhou in the company of Minister of Chemical Industry Qin Zhongda. Governor of Jiangsu Gu Xiulian gave a banquet in honor of President Traore, his wife and their party here this evening.

Greeting the Malian visitors at the airport this afternoon were Governor Gu and African students here. Later Traore and his party visited the Nanjing Bridge over the Yangtze River. This morning, Traore visited Lanzhou no. 1 woollen mill and a bridge over the Yellow River in Lanzhou.

Visits Yangzhou

OW241434 Beijing XINHUA in English 1420 GMT 24 Jun 86

[Text] Nanjing, June 24 (XINHUA) -- Malian President Moussa Traore, his wife and their party today drove from Nanjing to China's ancient cultural city, Yangzhou, where they saw water conservancy project. Built in 486 B.C., Yangzhou is a hub of water and land communications in north Jiangsu Province, east China. The Malian guests visited the Jiangdu water control project and irrigation of farm land.

At lunch today, President Traore expressed his hope to strengthen interregional contacts between the two countries and promote exchanges between peasants. They also visited a lacquerware factory in Yangzhou. Traore and his party returned to Nanjing after visiting the city.

Accompanies Jiangsu Governor

OW251046 Beijing XINHUA in English 1031 GMT 25 Jun 86

[Text] Nanjing, June 25 (XINHUA) -- Malian President Moussa Traore, his wife and their party visited Nanjing no 2 machine tools plant in the company of Governor Gu Xiulian of Jiangsu Province here today. The 90-year-old plant makes 1,800 machine tools each year and its products were exported to more than 20 countries and regions. After visiting workshops, a clinic and a dining-room in the factory, Traore made an inscription, wishing the enterprise even greater success. The guests also visited Sun Yat-sen mausoleum here today.

Ends Visit, Leaves for DPRK

OW260146 Beijing XINHUA in English 0132 GMT 26 Jun 86

[Text] Beijing, June 26 (XINHUA) -- Malian President Moussa Traore and his party left here this morning for the Democratic People's Republic of Korea at the end of their visit to China. The Malian visitors arrived here from Nanjing earlier this morning. They were seen off at the Nanjing airport by Chinese Minister of Chemical Industry Qin Zhongda and Governor of Jiangsu Province Gu Xiulian.

CPC DELEGATION ATTENDS TUNISIAN PARTY CONGRESS

OW201429 Beijing XINHUA in English 1200 GMT 20 Jun 86

[Text] Tunis, June 19 (XINHUA) -- The 12th Congress of the Tunisian Socialist Destour Party (SDP) opened here today with more than 50 foreign delegations attending the congress. 1,120 delegates from all over the country took part in the 3-day congress. The SDP has a membership of nearly one million.

At the opening ceremony, Habib Bourguiba, Tunisian president and SDP chairman, addressed the congress. He expressed his confidence in the leadership of Mohamed Mzali, secretary general of the SDP Political Bureau. In his speech, Bourguiba expressed the government's concern over housing, unemployment and other social problems. He said he had issued instructions that housing conditions be improved within a reasonably short period of time.

Premier and SDP Secretary General Mohamed Mzali delivered a report on the work of the previous congress at the opening meeting. According to him, although the country has been suffering from the effect of the international economic crisis, the policy of reform for the 6th Five-Year (1982-86) Plan has contributed to the development of the Tunisian economy and culture.

A Chinese Communist Party delegation led by Zhou Jie, deputy-director of the General Office of the CPC Central Committee, also attended the opening session. Mzali met the Chinese delegation and Xue Bangdin, the Chinese ambassador to Tunisia, this evening. At the meeting, Zhou Jie handed a message of greetings from the Central Committee of the Chinese Communist Party to Mzali.

The 12th SDP Congress will end on Jun 21.

SYRIA'S AL-ASAD ACCEPTS INVITATION TO VISIT PRC

OW221747 Beijing XINHUA in English 1734 GMT 22 Jun 86

[Text] Damascus, June 22 (XINHUA) -- Syrian President Hafiz al-Asad has accepted an invitation from Chinese President Li Xiannian to visit China and expressed his desire to make the visit as early as possible. He made the remarks while receiving credentials presented by the new Chinese Ambassador to Syria Want Changyi here today.

President al-Asad highly appraised the important role played by China in international affairs and expressed the hope that friendly cooperations between the two countries will be further developed in various fields. The new Chinese ambassador arrived here on April 18.

ZHAO ZIYANG MEETS NEW PLO REPRESENTATIVE

OW201441 Beijing XINHUA in English 1214 GMT 20 Jun 86

[Text] Beijing, June 20 (XINHUA) -- Premier Zhao Ziyang met here today the new head of the Palestine Liberation Organization mission in Beijing, Yusuf Rajab Raddi.

PRC, JORDANIAN UNIVERSITIES SIGN AGREEMENT

OW210006 Beijing XINHUA in English 2355 GMT 21 Jun 86

[Jordanian names as received]

[Text] Amman, June 21 (XINHUA) -- An agreement of academic cooperation between China's Beijing Foreign Study University and Yarmouk University of Jordan was signed here today. The agreement was signed by Hu Wenzhong, vice-president of Beijing Foreign Study University (former Beijing Institute of Foreign Languages) and Adara Bardran, president of Yarmouk University.

The two universities will exchange visiting scholars and professor of linguistics, the humanities, sociology and international relationship, according to the agreement. They also agreed on the exchanges of students' academic materials and experience and on mutual visits of administrative staffs.

The Beijing Foreign Study University will also act as a go-between to link Yarmouk University with other Chinese universities. Yarmouk University, founded in 1970, is a comprehensive university with a total enrollment of 14,000 students.

HU QILI, ZHANG JINGFU MEET IRAQI DELEGATION

OW201547 Beijing XINHUA in English 1416 GMT 20 Jun 86

[Text] Beijing, June 20 (XINHUA) -- Hu Qili, on behalf of the Communist Party of China (CPC) Central Committee, welcomed here today a delegation from the Iraqi Arab Ba'th Socialist Party (IABSP).

Hu, member of the Political Bureau of the CPC Central Committee, and State Councillor Zhang Jingfu, jointly met the delegation led by Samir Muhammad 'Abd al-Wahhab, member of the regional leadership of the IABSP and advisor to the Iraqi president. Hu said the visit of the delegation demonstrated the great importance attached by the IABSP to the friendship between the Chinese and Iraqi peoples, and will promote the friendly relations between the two parties to a new stage.

Zhang Jingfu expressed the hope of furthering economic and technical cooperation between the two countries. Samir spoke highly of the Chinese people's support for the just cause of the Arab people, especially the Palestinian people.

Wang Zhaoguo Attends Banquet

OW201609 Beijing XINHUA in English 1448 GMT 20 Jun 86

[Text] Beijing, June 20 (XINHUA) -- Iraqi Ambassador to China Rashid M.S. al-Rifai gave a return banquet at the embassy here tonight on the occasion of the China visit by a delegation from the Arab Ba'th Socialist Party in Iraq (IABSP). The delegation was led by Samir Muhammad 'abd al-Wahhab, member of the regional leadership of the IABSP and advisor to Iraqi presidnet. Among those present were Wang Zhaoguo, member of the Secretariat of the Chinese Communist Party Central Committee, He Dongchang, vice minister of the State Education Commission, and Jiang Guanghua, deputy head of the International Liaison Department of the CPC Central Committee. The delegation visited Tianjin yesterday and will leave here tomorrow at the end of its visit.

HU YAOBANG RETURNS TO BEIJING; MET BY ZHAO

Leaders Greet Plane

OW260626 Beijing XINHUA in English 0553 GMT 26 Jun 86

[Text] Beijing, June 26 (XINHUA) — General Secretary Hu Yaobang of the Chinese Communist Party Central Committee today returned here from Kunming by special plane at the end of his official visit to Britain, the Federal Republic of Germany, France and Italy.

He was greeted at the airport by Zhao Ziyang, Yang Shangkun, Hu Qili, Wu Xueqian, Wang Zhaoguo and Qian Changzhao as well as diplomatic envoys of the four Western European countries to China. Returning on the same plane were Li Peng, member of the Political Bureau of the CPC Central Committee and vice-premier of the State Council, and Fei Xiaotong, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference.

Hu and his party arrived in Kunming from Turin on June 24.

Upon their departure from Kunming this morning, they were seen off at the airport by leading members of the Yunnan Province and the Kunming City. During his stay in Kunming, Hu made an inspection tour of Yuxi City famous for its tobacco.

Zhao: Hu, Zhao Not To Retire

OW260821 Tokyo KYODO in English 0812 GMT 26 Jun 86

[Text] Beijing, June 26 KYODO -- Communist Party General Secretary Hu Yaobang and President Li Xiannian have no plans to retire at the party convention next year, Premier Zhao Ziyang said Thursday.

There is speculation that Li, who has been in poor health, may be replaced by Zhao and that Hu may be succeeded by Hu Qili, a Politburo member. Zhao spoke to reporters at Beijing Airport where he met Hu Yaobang on his return from a tour of West European countries.

MASS EXECUTION OF 31 CRIMINALS CONDUCTED

HK251100 Hong Kong AFP in English 1044 GMT 25 Jun 86

[Text] Beijing, June 25 (AFP) — Thirty-one criminals were put to death here Wednesday in China's largest mass execution since it launched a widely publicized drive against crime in 1983, officials said. The list of executed prisoners, all men aged 19 to 35, was posed outside a Beijing courthouse and read by silent crowds of onlookers. All were killed early Wednesday by China's traditional method of a bullet in the neck.

Six of the 31 were convicted murderers; others were found guilty of rape or armed robbery or were repeat offenders. A 22-year-old store manager and his 21-year-old employee were condemned for stealing money, cigarettes and a car.

Wednesday's mass execution was the largest since the anti-crime campaign was launched nearly three years ago.

Eighteen people were shot in the last mass execution here in January. An estimated 10,000-plus people were executed in the first year of the drive against crime, diplomats here said. Hundreds of thousands of Chinese were reportedly arrested or deported to desert or semi-desert regions.

After cracking down on murderers and rapists, the Chinese authorities turned their attention to economic crimes -- embezzlement, bribery and corruption.

The Chinese press regularly carries reports of prosecutions, but executions are rarer, with only about 20 offenders said to have been put to death. The trials are sometimes held in public stadiums in front of several thousand people.

Those condemned to death are usually executed immediately after being sentenced. Some 13,000 people filed into the Workers' Stadium here for the sentencings in January.

Proceedings against a bank employee accused of embezzlement in the central town of Anyang drew 50,000 spectators in April. The Beijing leadership launched in January a campaign against corruption within the Chinese Communist Party, with the press warning that senior leaders and their offspring would not be exempt. Three children of senior party officials in Shanghai were executed in February for rape and "hooliganism."

NPC STANDING COMMITTEE MEETING CLOSES IN BEIJING

1985 Final Accounts Approved

OW251421 Beijing XINHUA Domestic Service in Chinese 1029 GMT 25 Jun 86

[Text] Beijing, 25 Jun (XINHUA) -- Resolution of the NPC Standing Committee approving the 1985 final state accounts (Adopted on 25 June 1986)

According to a resolution of the 4th meeting of the 6th NPC on "authorizing the NPC Standing Committee to examine and approve the 1985 final state accounts," the 16th meeting of the 6th NPC Standing Committee heard a "Report on the 1985 Final State Accounts" made by State Councillor and concurrently Finance Minister Wang Bingqian. After deliberation based on the Financial and Economic Committee's report, the meeting decided to approve the State Council's 1985 final state accounts and State Councillor and concurrently Finance Minister Wang Bingqian's "Report on the 1985 Final State Accounts."

Appointments, Removals Made

OW260151 Beijing XINHUA Domestic Service in Chinese 1159 GMT 25 Jun 86

[Text] Beijing, 25 Jun (XINHUA) -- List of appointments and removals by the Standing Committee of the National People's Congress

Approved by the Standing Committee of the 6th National People's Congress at its 16th meeting on 25 June 1986

1. Sa Yier and Shi Yun are appointed advisers to the Nationalities Committee of the National People's Congress. Sa Yier is removed from his post as deputy secretary general of the National People's Congress Nationalities Committee.

Zhang Wensong and Yang Jun are appointed advisers to the Education, Science, Culture, and Public Health Committee of the National People's Congress.

Chu Tunan is removed from his post as vice chairman of the Foreign Affairs Committee of the National People's Congress.

Gao Dengbang and Yang Ming are removed from their posts as deputy secretaries general of the Standing Committee of the National People's Congress.

2. Liang Guoqing is appointed deputy procurator general of the Supreme People's Procuratorate and member of its Procuratorial Committee.

Standing Committee Member Resigns

OW260307 Beijing XINHUA Domestic Service in Chinese 1202 GMT 25 Jun 86

[Text] Beijing, 25 Jun (XINHUA) -- Decision by the Standing Committee of the National People's Congress to accept Jiang Jiafu's request to resign his position as member of the Standing Committee of the National People's Congress (Adopted on 25 June 1986)

The "Organic Law of the National People's Congress of the People's Republic of China" stipulates that "members of the Standing Committee shall not hold posts in state administrative, judicial, or procuratorial organs; if they do so, they must resign their posts as members of the Standing Committee." In accordance with this stipulation, the 16th meeting of the 6th National People's Congress Standing Committee has decided to accept Jiang Jiafu's request to resign his post as member of the 6th National People's Congress Standing Committee and to report to the National People's Congress for the record.

Meeting Ends

OW260027 Beijing XINHUA Domestic Service in Chinese 1154 GMT 25 Jun 86

[Text] Beijing, 25 Jun (XINHUA) -- The 16th meeting of the 6th NPC Standing Committee closed at the Great Hall of the People this afternoon.

NPC Standing Committee Chairman Peng Zhen attended today's meeting. The meeting was presided over by NPC Standing Committee Vice Chairman Chen Pizian.

The meeting passed the "Law of the People's Republic of China on Land Management." This law has seven chapters and 57 articles. In addition to the general provisions, the law deals with land ownership, the right to use land, the use and protection of land, land for state construction projects, land for town (township) and village construction projects, legal liabilities, and other topics. This law will go into effect as of 1 January 1987.

The meeting also adopted a resolution to approve the final state accounts for 1985 put forward by the State Council and the "report on the Final State Accounts for 1985" made by State Councillor and Minister of Finance Wang Bingqian.

On the nomination of Premier Zhao Ziyang, the meeting decided to appoint Wang Meng as minister of culture and to relieve Zhu Muzhi from his post as minister of culture.

The 51-year-old author Wang Meng was born in Pi County, Hebei. He is now also vice chairman of the Chinese Writers Association and editor-in-chief of RENMIN WENXUE.

The meeting also decided to appoint Liang Guoqing [2733 0948 1987] as deputy procurator general and member of the Procuratorial Committee of the Supreme People's Procuratorate.

According to the provisions of the organizational law of the National People's Congress, the meeting decided to accept Jiang Jiafu's resignation from his post as a member of the Sixth NPC Standing Committee.

The meeting also endorsed other appointments and dismissals.

Attending today's meeting were Vice Chairmen of the NPC Standing Committee Geng Biao, Peng Chong, Wang Renzhong, Zhu Xuefan, Ngapoi Ngawang Jigme, Seypidin Aizezi, Zhou Gucheng, Yan Jici, Ye Fei, Huang Hua, and Chu Tunan.

State Councillor Song Ping, President Zheng Tianxiang of the Supreme People's Court, and Procurator General Yang Yichen of the Supreme People's Procuratorate attended the meeting as observers.

BAN YUE TAN ON RELAXED ENVIRONMENT FOR REFORM

HK251216 Beijing BAN YUE TAN in Chinese No 11, 10 Jun 86 pp 6-7

[Article by Xue Zhongxin: "Reform Needs a Relaxed Environment"]

[Text] Economic reform and the development of science and culture require relaxed economic and social environments.

In his "report on the Seventh 5-Year Plan," Premier Zhao Ziyang pointed out that the "overall development of economic reform requires a relaxed economic environment." While making investigations and studies in Shanghai, Comrade Hu Qili said that party leading comrades at all levels, together with comrades engaged in the work of social sciences and those on the ideological and cultural fronts, should make efforts to create an atmosphere of unity, harmony, mutual trust, and mutual understanding. He added that this is the basis for progress in our cause. In his remarks, emphasis was laid on creating a relaxed social environment.

Why is it necessary to create a relaxed environment? This is because the reform we are carrying out is an overall reform, an extensive, profound, and protracted change, and a great experiment in human history. In exploring and blazing a road of socialist modernization with Chinese characteristics, we must bring into play the strength and wisdom of millions upon millions of people and encourage them to work with one heart and one mind. Only in a relaxed and harmonious environment can the people act as the masters of the country, boldly carry out explorations and creation, engage in democratic discussions, and strive to make their reforms a success, to have an economic take off, and to achieve prosperity in science and culture.

Since reform is profound revolution, it will have an unprecedented impact on rigid and traditional concepts and habits. People are required to gradually adapt themselves to this change.

The central authorities have stressed time and again that we should be resolute in carrying out reforms, in launching the first battle, and strive to win it. On matters involving the people's interests, policies should be carefully worked out, giving consideration to rights, profits, and losses. The feeling of being over anxious for quick results should not be allowed and efforts should be made to prevent social upheavals and the tightening of relationships in various fields.

In creating a relaxed environment, what should we pay attention to?

In creating a relaxed environment, we should correctly handle the problems in reforms. In the face of problems, we should not be at a loss of make subjective, arbitrary conclusions. Reforms require explorations, from which new problems will arise. It is natural for people to have different views and opinions on reforms. To solve their differences of opinion, fact-finding analysis and correct guidance are necessary. Leaders at various levels should carry out meticulous ideological work and do their best to preserve the trend of reform.

In creating a relaxed environment, we should have a profound understanding of the importance of socialist democracy. Only by bringing into full play the role of socialist democracy can we fully arouse the initiative of the people and turn such initiative into a material force for promoting reforms. Without socialist democracy, there can be no socialist modernization. Under the prerequisite of the four basic principles, we should encourage a democratic work style and allow people to think independently, to make various suggestions, and to supervise our work in various fields.

In creating a relaxed environment, we should conduct normal criticism and self-criticism. In theoretical and academic studies as well as in literature and art creation, it is normal for different views and opinions to crop up. It is necessary to implement the policy of "letting a hundred flowers blossom and a hundred schools of thought contend." Criticism and self-criticism should be conducted in moderation and by reasoning. Those who are criticized are allowed to explain or countercriticize. The purpose is to distinguish between right and wrong, to seek truth, to strengthen unity, and to promote our cause.

Of course, by creating a relaxed environment, we do not mean encouraging people to behave in a lax, undisciplined manner or that leaders can relax their disciplinary control, still less do we mean bourgeois liberalization. The relaxed environment we refer to is a social environment we refer to is a social environment in which problems can be discussed in a democratic and equal manner on the basis of unity and harmony -- a social environment in which construction smoothly proceeds under the conditions of stability and unity. This is an environment where the people can fully display their talents and where the two civilizations can be simultaneously carried out. This is just what was described by Comrade Mao Zedong: "A political situation in which there are both centralism and democracy, both discipline and freedom, both unity of will and personal ease of mind, and liveliness."

The higher authorities and the lower levels should keep pace with each other in creating a relaxed environment for reforms and construction.

STATE COUNCIL CIRCULAR ON REFORM OF COMMERCE

OW250325 Beijing XINHUA Domestic Service in Chinese 0654 GMT 24 Jun 86

[Text] Beijing, 24 Jun (XINHUA) -- The State Council recently approved an transmitted a "Report on Several Questions Concerning the Reform of Commercial Structure in 1986," which was submitted by the State Commission for Restructuring the Economic System, the Ministry of Commerce, and other departments, and issued a circular in this connection, calling on all localities to earnestly carry out the reform in the light of actual situation in each locality.

The State Council's "circular" said: In view of the current commercial circulation system, which still cannot keep a breast of the needs of planned development of the commodity economic, it is necessary to deepen the reform by consolidating, digesting, replenishing, and improving the reform measures already taken and, at the same time, emancipate the mind to promote lateral economic cooperation in commerce and explore new circulation channels and commercial forms in the course of reform.

As reform of the commercial circulation system involves various sectors of the national economy, all local people's government should coordinate the efforts of all quarters and map out unified arrangements for carrying out this reform as an integral part of the entire economic structural reform.

Currently special attention must be paid to ensure market supply in the course of the structural reform in order to promote market prosperity and stability and create a favorable environment for the reform.

The "Report on Several Questions Concerning the Reform of Commercial Structure in 1986," submitted by the State Commission for Restructuring the Economic System, the Ministries of Commerce and Finance, and the State Council's Economic, Technological, and Social Development Research Center, said: In recent years, we have scored fairly remarkable achievements in carrying out a series of reforms in the commercial circulation system. However, due to an incomplete market mechanism and uncoordinated macroeconomic regulation during the current transitional period between new and old systems, we have not yet effectively relaxed control over some fields, while failing to reorganize other fields already decontrolled. As a result, the commercial circulation system still cannot keep abreast of new demands in the development of commodity economy, and must be further improved. In 1986, it is necessary to consolidate, digest, replenish, and improve the reform measures and actively explore new circulation channels, commercial forms, management systems, and measures for macroeconomic regulation.

1. It is necessary to develop extensive lateral economic associations in the commerical circulation field.

It is necessary to concentrate efforts on promoting extensive lateral economic cooperaton, which is crucial for deepening the reform of the commercial circulation system. We must earnestly implement the "Regulations of the State Council Governing Certain Questions in Promoting Lateral Economic Associations" and, in accordance with the special characteristics of commodity circulation, develop various forms of lateral associations based on enterprises, centered around cities, and providing mainly commodity procurement and marketing service, thereby gradually forming a nationally unified commodity marketing network linked by circulation channels from all directions.

It is necessary to break down the barriers between higher and lower levels and between different departments or regions and remove the restrictions imposed by various regions, cities, towns, departments, and trade in promoting transregional and transdepartmental combinations of industry and commerce, agriculture and commerce, agriculture, industry, and commerce, commerce and commerce, and commerce and trade. Members of an association may cooperate in providing services before, during, and after production, or in procuring and marketing commodities. They may cooperate in one or several business undertakings, or they may be a loosely or closely formed combination of enterprises. In circulating manufactured goods of everyday use, it is necessary to develop combinations between industry and commerce between commerce and commerce, and gradually set up large commercial corporations based on such combinations. In circulating farm and sideline products, it is necessary to develop transregional associations based on cities and counties, and gradually explore economically rational new circulation channels through such associations. It is necessary to develop locally-run joint commercial undertakings with independent management, combine production with marketing and combine agriculture, industry, and commerce together, and established direct links between town and country and between the producer and the consumer in order to reduce the chains and speed up the circulation. Commercial facilities such as transport teams, storages, and warehouses should gear to the needs of the community and improve service.

The governments and the relevant departments in various localities must actively support and encourage the development of lateral economic ties. We must solve the problems which have cropped up in the course of promoting associated operations among enterprise such as fund raising and double taxation. We must permit enterprises in rural areas and various localities to open up shops or engage in joint operations with city enterprise. We must allow supply and marketing cooperatives and township enterprises to enter joint operations with any enterprise in the city, and permit urban commercial establishments to promote associated operations of buying and selling in rural areas. Except for merchandise to be produced under state planning or specialized merchandise to be produced with local subsidies, we must permit various manufacturing enterprises to freely select the factories from which they buy the merchandise to replenish their stock. At the same time, we must strengthen our leadership over various enterprises in developing lateral economic ties, and guard against rushing headlong into mass action.

In developing lateral economic ties, we must further straighten out the wholesale system. Wholesalers in place where the merchandise is being manufactured may sell goods for a profit or on a commission basis, or act as an agent for a manufacturing enterprise. They may enter joint operation with the manufacturing enterprise in selling the goods. Manufacturing enterprises may directly coordinate with wholesalers and retailers in place where goods are being sold or enter associated operation with them, gradually forming a new wholesale network. Wholesalers of state-run commercial establishments must adhere to the principle of doing business while rendering services. On the one hand, they must support the factories in the producing area to directly engage in wholesale business, render services of facilitate the circulation of merchandise and the exchange of information, while on the other and, they must actively sell the local products as well as those products manufactured in other localities.

We must reduce the varieties of goods that should be alloted by the state, and convene less meetings at which goods of various types will be distributed arbitrarily by higher authorities.

Various large and medium-sized cities must unify their plans and do a good job in running wholesale trade centers for manufactured goods, wholesale markets for farm and sideline products, markets for small commodities and markets for farm products on a barter basis. We must include the development of such centers and markets in the general plan for urban development. We must find locations, and raise funds to accelerate our pace in developing such centers and markets. We must earnestly consolidate the existing trade centers, and gradually turn them into trade centers that are open to and serve the wholesalers. We must turn them into permanent trade centers for buying and selling goods for future delivery in large quantity. However, right now, we may do some business on our own during this transitional period.

2. It is necessary to further invigorate large and medium-sized state-run business enterprises.

Large and medium-sized state-run business enterprises play an important role for commodity circulation on the market. We should further invigorate such enterprises. We must work out regulations to help large and medium-sized business emterprises expand their decision-making power, and truly become economic entities that run their own business and assume sole responsibility for their profits or losses. We must further improve the responsibility system within an enterprise in doing its own business, gradually standardize the business management (including the standardization of business management and services), continuously raise the level of business management, and improve economic results and social benefits. We must strictly forbid anyone from arbitrarily demanding money or requisitioning labor from any enterprise.

3. It is necessary to continue to relax our control over small state-run business establishments.

To relax our control over small enterprises is a major reform in the field of commerce. We must do a good job in consolidating and improving those enterprises over which we had already relaxed our control. We must gradually relax our control over those enterprises which are still under control. To relax our control over small business establishments, we should recommend that they become collectively owned and individually managed. Those small enterprises that are state-owned and collectively managed must gradually become collectively owned. A definite period must be set for any small enterprise on lease. After the lease has expired, those enterprises collectively leased may become collectively owned. Lease holders may also continue to lease them or sell them to individuals at the market price. We must actively help small enterprises over which we have relaxed our control to create conditions and gradually change their affiliation with state-run companies.

4. It is necessary to strengthen macroeconomic regulation and management of market and commodity circulation.

Under the present circumstances, when prices and price parties between products have not been made fair and reasonable, it is necessary to fully use credit, taxation, financial subsidies, and other means to macroeconomically regulate market and commodity circulation.

It is necessary to selectively ensure the availability of funds for procuring grain, cotton, edible oil, pigs, and other important commodities in state plans and to help make funds available for procuring readily salable consumer goods and farm and sideline products. With the approval of the tax department, small enterprises which make small profits on labor and on dealing with daily necessities may be exempted from their business tax or have it reduced if they have difficulties paying tax. Tax management should be strengthened for individual and collective commercial ventures and for small deregulated state-owned commercial enterprises.

It is necessary to improve the management of commodity prices while ensuring overall price stability. It is necessary to strengthen the control of commodity prices that are fixed by the state or under state guidance. Price adjustment and pricing guidelines must be approved by the relevant commodity price authorities. Enterprises may decide for themselves the prices of deregulated industrial goods for daily use and of farm and sideline products, except for those which are under the control of price guidelines. Wholesale prices of the manufacturing enterprises and commercial stores should be fixed in accordance with the pricing method for batch commodities.

Commercial administrative departments and administrative offices for industry and commerce at all levels should share the work and cooperate with each other in strengthening administrative control of commerce and the market. It is necessary to perfect commercial and market laws to keep up with the new opening and enlivening situation, act in strict accordance with the law, crack down on illegal activities, protect legitimate business, and straighten out market order.

5. It is necesessary to further streamline government administration and delegate more power to lower levels.

Commercial departments at all levels must enforce separation of government functions from those of enterprises, streamline government administration, and delegate to enterprises all the power they deserve. They must also actively explore ways to exercise indirect control of enterprises. In addition, under the unified plan of the local government, they should continue to carry out the experiment of unified control of commerce at selected points. Corporations of an administrative nature at the provincial and prefectural levels should, in principle, be abolished.

In the experiment of separating government functions from those of enterprises, cities and counties with the necessary conditions may set up chambers of commerce and trade associations of various kinds on a trial basis. Such organizations should be formed by enterprises on a voluntary basis instead of by administrative order.

RENMIN RIBAO COMMENTATOR ON DEVELOPING POOR AREAS

HK241348 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 1

[Commentator's article" "Accelerate the Development of Poverty-Stricken Areas in the Course of Reform"]

[Text] The State Council's leading group for economic development in poor areas recently called for basically solving the people's food and clothing problems in the poor areas in 5 years' time (or during the period of the Seventh 5-Year Plan).

At the same time, it called for forming the capacity to develop the commodity economy by relying on their own strength in these areas so as to create favorable conditions for long-term development and constructiion and to advance along the course of gradually becoming rich. This is a major decision and program made by the party and the government for speeding up the development of the poor areas. This is of great economic and social significance and requires joint efforts of all people in our society.

Over the past 30 years and more since the founding of the PRC, the party and the government have always paid close attention to improving the living standard of the people in poor areas. In order to change the conditions in these areas, the state has appropriated large amounts of money each year and has offered preferential treatment to these areas. These measures have indeed achieved some results, but the results are still not quite satisfactory. Thus far, many poor areas have not developed and changed markedly. So, shall we be able to achieve the objective of basically solving the food and clothing problem of the peasants in poor areas in 5 years' time?

Our answer is yes. first, the party central leadership and the state are deeply concerned with the well-being of the people in poor areas, and the people in these areas all ardently desire to free themselves from poverty. Meanwhile, the development of the national economy and the support given by the whole nation to the poor areas will also play a great role. Second, when the targets of developing poor areas in the Seventh 5-Year Plan period were formulated, attention was focused on solving problems in large stretches of poor areas in an orderly way by giving priority to ensuring that the people there will have sufficient food and clothing. This will prevent us from too widely scattering our resources and will bring about marked results in the areas on which we concentrate our efforts and resources. Third, we are undergoing major reforms which are adding vigor to the rural economy and are bringing hope and vitality to the poor areas. Through reform explorations in recent years and by summing up the experience, both positive and negative, in the past 30 years and more, we have more clearly realized the way we should go in order to develop the poor areas. The key for us now is not to increase investments in these areas, but to adopt effective measures to develop production and arouse new economic vitality there by introducing some new development modes, relaxing administrative controls, changing the previous leadership methods and production approaches which were noit suited to the conditions of these areas, and thoroughly changing the previous method of merely giving relief to these poor areas.

To establish a new development mode in the poor areas, we should first change the method of relying on the external supply of materials, and should mainly strengthen the self-development capacity of the poor areas by making use of necessary external assistance. Funds should not be scattered too widely or be distributed in an egalitarian way; instead, funds should be concentrated and be used in some priority areas. The funds should be used on a compensable basis. Not only should funds be offered to the poor areas, but technology and technical manpower should also be transferred to these areas. Not only should relief be given to these areas, but main efforts should be made to help them develop their industrial foundation. The turnover of funds appropriated to these areas should be accelerated.

In short, state appropriations for the poor areas should bring about better economic and social results. The limited financial resources should be used most efficiently. The external supply of funds and materials constitute a necessary condition for the development of the poor areas, but in order to change the development mode and the economic pattern there, the most important thing is to break through the self-sufficient economy at a low level and to greatly develop the commodity economy there. They should not be required to stick to a narrow production range; instead, their production structure should be diversified. At the same time, their economic activities should not be confined to a seclusive local sphere, but should be linked to extensive horizontal economic networks so as to form an open economic pattern. The basic purpose of reforms in the above two aspects, as well as the central task, is to form a set of self-development economic mechanisms so that the poor areas will be able to develop their economies by relying on their own strengths and to eventually achieve the goal of shaking off poverty and becoming rich.

Changing the backward conditions in the poor areas is an arduous strategic task. The party and government leading organs at all levels must have firm determination, persevere in reforms, dare to break new ground in their work, go deep into realities, and work in a down-to-earth manner, so as to advance the work of promoting the economic development in all poor areas.

COMMENTARY URGES DEVELOPING LIGHT INDUSTRY

OW230413 Beijing Domestic Service in Mandarin 1100 GMT 22 Jun 86

[Station commentary: "Vigorously Develop the Collective Economy in Light Industry"]

[Text] Collective enterprises in light industry are an important force in light industrial production and the backbone of the urban and rural collective enterprises. There were more than 59,000 collective enterprises in light industry by the end of last year, accounting for 83.2 percent of the light industrial enterprises; and they made up 44.13 percent of the total output value. This economic force is playing an increasingly important role in the economic life of our country.

Collective enterprises in light industry developed gradually on the basis of the collectivization of handicrafts in the 1950's. The first National Congress of Handicraft Cooperative Members was convened in December 1957, fully affirming the important status and role of the collective handicraft ecoinomy in the socialist economy. Regrettably, because of mistakes caused by the Great Leap Forward, some of the just-collectivized handicraft organizations were turned into state enterprises while others were put under people's commune management. In addition, the policy at that time in this regard was not clearly defined, and there was confusion in management. As a result, the production of the collective enterprises in light industry was seriously affected. Consequently, some urgently-need consumer goods and small commodities for daily use were out of stock for a long time, and the structure of the socialist market and the needs of the people in consumption were also seriously affected.

The collective handicraft economy was rehabilitated and readjusted in 1961, promoting the development of production. In the 10 years of turmoil, however, the collective economy suffered setbacks again. A new period of development for the collective economy in light industry did not begun until the 3d Plenary Session of the 11th CPC Central Committee.

According to statistics, the total output value of the collective enterprises in light industry increased at an average rate of 11.6 percent at year during the Sixth 5-Year Plan. Important changes also took place in the structure of trades. In addition to traditional trades in making clothing, shoes, hats, hardware, tools, stationery, handicraft articles, and products for minority nationalities, new trades have developed, such as plastics, household electrical appliances, lamps and lanterns, whole sets of tools for indoor use, packaging, and decorating.

The fixed assets of the collective enterprises in light industry were valued at 19.8 billion yuan in 1985, a twelvefold increase over 1963. They paid 44.5 billion yuan of taxes to the state and made an important contribution in earning foreign exchange through exports.

As far as the actual conditions in the economic life of our country are concerned, it can be said that we have every reason to attach great importance to the development of collective enterprises in light industry and have no reason whatsoever to pay no attention to the important role being played by these enterprises.

All localities should support the development of collective enterprises in light industry according to their actual conditions and in a planned way and regard this as a long-term strategic measure for developing their local economies, stimulating the urban and rural markets, and satisfying the needs of the people in daily life. Particularly regions with a better foundation in the collective economy should take the lead in making full use of their favorable conditions and lay down specific policies and measures to ensure the vigorous development of collective enterprises in light industry.

CHINA DAILY COLUMNIST EXAMINES SUBSIDY SYSTEM

HK260232 Beijing CHINA DAILY in English 26 Jun 86 p 4

["It Seems to Me" column by Xiao Xiao: "Who Enjoys Subsidy? Who Pays?"]

[Text] In the course of our economic reforms, we have gradually found that the simple things in our daily lives can seem far more complicated than they really are.

One illustration was last winter's debate about the problems with Beijing's mass transport. The novelist Liu Xinweu offered two solutions -- tolerance on the part of city dwellers and continued subsidy of the bus system on the part of the municipal government.

But being a novelist is different from being an economist; he did not have to explain where the subsidy came from when he went into raptures telling his readers how mass transport in Paris, New York, and other major cities in the world was being subsidized.

In fact, although government prints money, it does not produce wealth; the wealth of society (which includes the amount available to subsidize various goods and services) comes from nowhere but the hand and brain of the working population.

As the Chinese saying goes; Wool comes from sheep, after all. For Beijing's mass transport, the subsidy is actually created by the local people. It is taken from their output value before the distribution of their incomes and is being spent on everyone who takes the city bus.

Like it or not, this support of the public services is still necessary for the economic realities of life in China -- a typical developing economy.

It takes time and a lot of hard work for the nation's vast rural sector to grow into an industry of commericial production.

Only when that happens can society as a whole begin to talk about the idea of "high income and high consumption" — suggesting that either people can afford more expensive bus tickets or bus companies can be more generously subsidized.

The process leading towards this end has just begun: The process of reform. While people should not be blamed for their occasional complaints, they should nevertheless be told that the reform can bring them tangible and long-term benefits.

In the same way, it is understandable when foreigners staying in China, experiencing the same process of reform, may complain sometimes as well.

For instance, they pay 150 yuan to fly from Beijing to Shanghai while the Chinese next to them pay only 90 yuan.

Unfair?

But if they care to ask how much their Chinese companions earn per month and compare the sum with Western salaries, they may feel an even greater sense of unfairness — for the Chinese who make an average of about 100 yuan (about $30) per month.

College graduates may take only 60 yuan and their monthly contribution to society may be worth far in excess of this. They may have just helped design a new electronic system worth thousands of dollars, or have tipped off the policy markers to avoid a costly planning mistake. Their contribution to society is not fully rewarded in the form of money.

Naturally, their share of public wealth is not truly tied to money. They eat State-subsidized food, live in State-subsidized houses, enjoy free medical care, and their children get free education. And, when they fly, they get charged the rate they can afford.

There are some foreigners who complain that they are not being treated equally with the Chinese in terms of money. Their arguments have some justification. Different air fairs are just the tip of the iceberg, followed by an almost endless list of other things: Chinese may pay 10 yuan to get a nice restaurant dinner while they may probably have to pay 20; Chinese may pay half of the foreigners' rate for a hotel room.

Charging visitors higher prices is by no means a Chinese tradition. Nor do the Chinese take foreigners, especially Westerners, to be all capitalists. (This, of course, does not include some reprehensible street vendors and sales clerks, some of whom have indeed tried to "rip off" foreigners.)

Foreigners do not have to agree with the Chinese economic structure, but they may grumble less when they understand it a little better.

This seems especially important for representatives of foreign companies. They often protest: "We are asked to pay our Chinese employees a couple of thousand yuan a month. But we know they get only a small percentage of that. Why can't our employees get what we pay them, or we pay what they get?"

But should Chinese allow people working for these firms to take 20 times as much as those working for Chinese companies?

Should there be a whole different price system so that those working for foreign companies do not have access to state-subsidized food, housing, education, medical care, and so on?

One way to solve all these small but complicated issues seems to be: The government should specify where foreigners should be charged more and where they should be charged the same.

SHIJIE ZHISHI VIEWS COMPOSITION OF 'WORKING CLASS'

HK190904 Beijing SHIJIE ZHISHI in Chinese No 9, 1 May 86 pp 4-5

["Special Commentary" by Pan Peixin: "International Controversies Over the Question of the Working Class" -- Capitalized passages published in boldface]

[Text] May day this year marks the centennial of International Labor Day. During the last 100 years, especially since World War II, tremendous changes have taken place in the state of the international working class. In the capitalist countries, many new phenomena have also emerged in the state of the working class. Thus, theoretical and academic circles in many countries have put forward various kinds of new ideas on questions such as who belongs to the working class and how to define the class attributes of wage mental laborers and wage laborers in the service trades.

CHARACTERISTICS OF THE CHANGES IN THE CONTINGENT OF WAGE LABORERS

Owing to great developments in the new scientific and technological revolution since World War II and the development of national monopoly capitalism, great changes have taken place in the class composition in developed capitalist countries, especially in the contingent of the broad masses of wage laborers. They bear the following characteristics: 1) The number of wage laborers has sharply increased. These laborers now form the overwhelming majority of the people who are able to support theselves with independent income though they were the minority in the past. The number of people belonging to the working classes as well as their proportion in the class composition of the society has also increased. 2) The number of "white-collar" workers who are not engaged in physical labor has increased by a big margin, greater than that of "blue-collar" workers who are engaged in physical labor. In the entire capitalist society, a contingent of wage mental laborers has emerged. 3) The number of people engaging in service trades has rapidly increased, and is greater than that of people engaging in substantial production.

WHO CAN BE DETERMINED AS MEMBERS OF THE WORKING CLASS

Due to the above-mentioned great changes, there have appeared some different views abroad on the question of how to determine the range of the working class in a modern capitalist society, or, how to correctly define the concept of the working class.

1. Some people hold that only wage laborers who directly create surplus value (referring to the industrial workers) can be regarded as members of the working class. This is based on Marx remarks that "in economics, the proletariat can only be interpreted as the wage laborers who produce and multiply 'capital.'" This is a narrow definition.

The people who oppose this view hold that this definition rules out the possibility of proletarianizing a part of wage mental laborers and excludes all wage mental laborers (as well as wage laborers in the service trades) outside the working class. Thus, the number of the working class will inevitably drop with each passing day. Even some Western scholars who hold this view have made a prophecy that the influence of the working class is approaching its "end" and will be unable to play the leadership role. However, some communist parties in capitalist countries are not rigidly adhering to this narrow definition. They hold that the working class concept in the comtemporary age should include not only manual laborers who create the surplus value, but also the laborers from other social strata (such as the laborers engaging in education, public health, social services, and other undertakings, and those engaging in the civil affairs and local government work), because, like workers engaging in manual labor, they are also using the means of production to indirectly serve capitalist commodity production and the creation of profits.

2. Some people hold that all wage laborers (including all wage mental laborers) should be determined as members of the working class, because none of them possess the means of production and have to sell their labor and be exploited. This is a broad definition. But some other people point out that this definition has enlarged the concept of the working class too much, because the working class is not the same thing as the wage workers. Various social classes and wage workers of various social groups are playing different roles at their different positions.

3. Some people hold that working class refers to wage laborers who are doing specific jobs in society labor organizations under the supervision of other people. They obey the orders of the capitalists and their agents and are in a powerless and subordinate position. Those wage laborers who have the right to supervise others and take part in policy decisions in these labor organizations do not belong to the working class.

THE CLASS ATTRIBUTE OF THE WAGE MENTAL LABORERS

In developed capitalist countries, most mental laborers are wage mental laborers. For example, in 1971, specialists employed in the United States made up 91.8 percent of the total number of intellectuals in this country. In the 25 years from 1947 to 1972, owing to the new technical revolution, nearly 1,100 new professions have appeared in the United States. Most employees were university or college graduates, and technical workers were mainly engaged in complicated mental labor. Should these new wage laborers be included in the working class?

On this question, there are three different views: 1) Some people hold that intellectuals who are employed as wage mental laborers should not be determined as members of the working class, because if they are, it would mean a negation of the antithesis between manual labor and mental labor under capitalist conditions, and cancellation of the task of eliminating the essential differences between the two in the course of building communism. It would also mean a negation of the alliance of the working class and the intellectuals who have integrated themselves with the working people, and cancellation of the leadership of the working class. But those who do not agree with this viewpoint hold that in determining the class status of intellectuals, it is necessary to proceed from analyzing their objective social and economic status, and that an alliance can also be realized within a certain class, and among various contingents of the working class, which is different in the degree of maturity.

2) Some people hold that although the intellectuals can be divided into several different groups due to their different social positions, most of them belong to the working class, because they do not possess the means of production or create surplus value, and they are exploited by their employers. A slightly different view hold that only those intellectuals of the lower strata can be regarded as members of the working class. 3) Some people hold that most intellectuals (including those who are employed as wage mental laborers) belong to the intermediate stratum of the capitalist society. Only a small number of them can be determined as members of the working class, while a minority of them may belong to the bourgeosie.

SEVERAL KINDS OF NEW CLASS THEORIES

Some new class theories have also appeared, which have something to do with the concept of the working class. Of these new theories, the following three have greatest influence:

1. The theory of "intermediate class." This theory holds that the increase of the "intermediate class" was an important result of Western social development in the first half of this century, which embraced "almost the entire Western world." People holding this viewpoint said with certainty that a proletarian society will be realized in the capitalist countries through the rapid expansion of the intermediate class by swallowing up the lower-strata classes rather than through the proletarian dictatorship. Toffler, the famous U.S. futurist, held that in "third wave" civilization, there does not exist the social group of classes as advocated by Marxism. There has appeared a new "middle" class, which includes the workers, intellectuals, and technicians who have received higher education. Some people even said that the prophecy of Marxism on the future of the capitalist system will fail in the end, because under the condition of private ownership, industrialization itself will not make poverty increase, but will expand the intermediate class contingent and enable more and more people to become better off like the petty bourgeoisie. According to this viewpoint an equal sign is placed between the working class and pure manual laborers, the range of the working class is limited to refer to wage manual laborers only, and all the wage mental laborers are considered as the "intermediate class." The purpose is just to prove that the Marxist "thesis on polarization is doomed to failure." As a matter of fact, this is by no means a new theory. As early as the end of the 19th century and the beginning of the 20th century, this theory was already advocated by Bernstein and others.

2. The theory of a "new petty bourgeoisie." According to this theory, the wage workers of most service trades, engineers, technicians, scientific workers, middle-and lower-level administrative staff in factories, mines, and enterprises, and ordinary working personnel in government organizations at various levels are all regarded as the "new petty bourgeoisie." In economic status, there are some differences between the "new petty bourgeoisie" and the "traditional petty bourgeoisie" (small businessman, pedlars, and handicraftsmen): They have nothing but their own labor force and have to become wage laborers who "live on their wages." The similarity between them is that they belong to neither the proletariat nor the bourgeoisie. Although both the working class and the "new petty bourgeouisie" do not possess the means of production and are exploited wage laborers, judging from their specific situation of being exploited, the former is directly "producing surplus value" for the capitalists, but the latter is just engaging in nonproductive labor.

However, the people who oppose this viewpoint hold that intellectuals do not form an independent class. If there really is a "new petty bourgeoisie," we will have to admit that the differences between mental labor and manual labor should be taken as the demarcation line in determining class status. Thus, the range of the working class, the most advanced revolutionary class in modern society, will inevitably be narrowed. Therefore, the theory of a "new petty bourgeoisie" is actually one of "non-proletarianization" of the working class and, in essence, a variety of the theory of expanding the range of the "intermediate class."

The theory of a "new working class." According to this theory, all wage mental workers are included in the working class and are called the "new working class." This is because modern capitalism is now at the stage of taking scientific and technological knowledge as the decisive "productive forces," and because a "new working class" will certainly replace the old working class and become a leading force in promoting social development. Those who do not agree with this argument, point out that this actually places specialized technical and administrative personnel in an important position in the changing modern capitalist society and takes the intellectuals as a new leading class and an independent class as well. As a matter of fact, the intellectuals as a stratum of capitalist society comprises intellectuals of different classes. As a social group, they are complex in composition. They do not represent a certain type of production relations, nor do they have the common interests of a class. The theory of a "new working class" in fact dishes up the theory of an "intermediate class" in a new form.

The controversy over the question of the working class is in no account only about the concept of the working class. It constitutes one of the piercing questions in the contemporary ideological struggle, and bears an important bearing on whether the Marxist theory related to the proletarian revolution still works or not in the world of today, and on whether the great historical mission of the working class will be achieved or not. We must pay adequate attention to the problem and study it conscientiously.

JINGJI RIBAO COMMENTATOR VIEWS 'QUADRUPLICATION'

HK220243 Beijing JINGJI RIBAO in Chinese 14 Jun 86 p 1

[Commentator's article: "'Quadruplication' Is a Concept of Quality"]

[Text] The question of quality has a bearing not only on the life of an enterprise but also on whether or not the national economy can develop smoothly and whether or not the objectives of the four modernizations can be attained. Therefore, it is necessary for us to further deepen our understanding of this question.

We must be clear about this idea, that is, the socialist modernization program calls not only for quantity but also places greater stress on quality. The same is true of "quadruplication." Is "quadruplication" a "muddy radish" or "a radish washed clean of mud"? A "muddy" and shoddy "quadruplication" is not only of no practical significance but will also cause serious consequences. The 12th National Congress of the CPC has defined that the general objective of our country's economic construction by the end of this century is to quadruple the nation's gross output value of industrial and agricultural production under the premise of constantly improving economic results.

Stressed as a premise here, economic results call for, among other things, the requirement of quality. Therefore, "quadruplication" is a concept of quality as well as of quantity. It is essential to always stress achieving a big increase in output under the premise of improving quality. However, some leading departments and production enterprises often forget the lessons of history; they one-sidedly pursue output and neglect quality and benefits to society, with the result that some brand products fail to live up to their name and their quality shows a marked decline; and there is also a marked decline in the quality of work and service in certain economic departments and enterprises. Consumers and customers are annoyed by this. The constantly growing incidence of these phenomena merits our vigilance.

As we all know, the basic purpose of socialist production is to continuously meet the people's ever growing needs in our material and cultural lives. To quadruple the nation's gross output value of industrial and agricultural production by the turn of this century is precisely in line with this basic purpose. With the gradually improved living standards of the urban and rural population, consumers and customers are bound to set stricter and stricter demands on the quality of products as well as on service. Only when they discard the old concept of "daughters of an emperor have no worry about marriage," firmly foster awareness of quality, and provide the market with marketable, high-quality products and first-rate service can enterprises meet social demands and establish themselves in an unassailable position in production and operations. They foreign exchange needed by the state in opening up to the outside world and importing advanced foreign technology and equipment to speed up the process of the four modernizations program should be earned mainly by expanding the country's exports. Whether or not more products can be exported and whether or not our products can survive the acute competition in international markets depend chiefly on their quality. With quality stressed, our products will be able to meet challenges and win victory in world markets. From this we can see that the question of quality is of vital importance to the development of the country's foreign trade.

China is practicing a planned commodity economy. A commodity has both value and use value. If the quality of a product is neglected, it will have less use value and cannot be sold or if used, it will soon reveal itself to be rubbish. This being the case, commodity production will hardly develop and the material and living labor used to produce the product will be wasted. Under these circumstances, the more the enterprises concentrate on output value, the greater the waste and losses they will bring to society. That recently, some fake and inferior commodities did serious harm to consumers and customers and even caused deaths is a case in point. Therefore, although the output and output value of an enterprise can reflect the results of its production under ordinary circumstances, they cannot accurately reflect its real economic results and the social benefit brought about by its products. This is because when the practical use value of a product declines and its production consumption and costs increase, the increase in output value can still be expressed by the product in the form of constant price. This false increase conceals the losses and waste suffered in reality. This is not helpful but harmful and therefore, undesirable. Quadruplication of real value, without "padding" or "extraneous elements", can only be attained on the basis of bringing about an all-round improvement in the quality of products, construction, transport, and servies, and through doubling and redoubling output by raising labor productivity.

The great goal of quadrupling the nation's gross output value of industrial and agricultural production by the end of this century, a goal that we are aiming at, means precisely this kind of "quadruplication" with ensured quality and quantity, without any cutting back. We hope that our leading economic departments at various levels and the vast numbers of enterprise cadres, staff members, and workers will firmly keep this in mind.

Poor quality and high consumption are two weak points critical to our country's industrial production. Similar cases can also be found in the other economic sectors, such as agriculture and service trades. If the two problems are not solved, this will pose a serious threat to the attainment of the goal of "quadruplication" and will bring about no end of trouble in the future to our long-term economic development.

Therefore, we must emphasize quality to the high plane of strategy, resolutely overcome the backward concept that concentrates on output value, enhance our awareness of quality, firmly foster the idea of quality going first, and during the Seventh 5-Year Plan period, through comprehensively improving the quality of enterprises by doing a good job in management and performance upgrading, we must successfully carry out the formidable tasks of improving quality, reducing consumption, raising economic results, and gathering more momentum for further economic development. In this way we can satisfactorily achieve the vast goal of "quadruplication" and create sound conditions for the healthy and steady development of the national economy in the several decades ahead.

SONG JIAN ON GROWTH OF SCIENCE, TECHNOLOGY

New Law To Protect Scientists

OW221030 Beijing XINHUA in English 0957 GMT 25 Jun 86

[Text] Beijing, June 25 (XINHUA) -- A member of the State Council, China's highest governing body, said today specialists were drafting a law to protect academic activities of scientific and technological societies.

Song Jian, who is also minister in charge of the State Science and Technology Commission, said the law was designed to boost scientific and technological research. Those involved in scientific research are "the hope of China's four modernizations" -- science, agriculture, industry and defense, he said.

Speaking at the Third National Congress of the Chinese Association for Science and Technology, Song said scientists are participating in developing the proposed law, which would have to be passed by the Standing Committee of the National People's Congress, China's parliament, before it could go into effect.

Government departments which depend on scientific research should support relevant academic societies, he said, "but the most important thing is to protect them with a law."

Song said the law should give official status to scholarly societies and define their role as well as their relationship to the Communist Party, the government and state-owned, collective and individual enterprises.

Such a law would protect these organizations against outside interference and guarantee that their work could proceed along a normal track, he said.

At present, 138 national societies and other organizations with a membership of 1.8 million are affiliated with the science and technology association. In addition, the 1.8 million members are in contact with another five million scientists and technicians, according to the state councillor.

Praises Science Society

OW251714 Beijing XINHUA in English 1452 GMT 25 Jun 86

[Text] Beijing, June 25 (XIHUA) -- Capable Chinese scientists and specialists will be organized to strive for the lead in some scientific fields while following closely the tracks of the most up-to-date scientific and technical results in the world, a senior Chinese official said here today.

Song Jian, state councillor and minister in charge of the State Science and Technology Commission, said at the Third National Congress of the Chinese Association for Science and Technology that a great nation like China should have a number of outstanding scientists in the forefront of world science and technology.

They should absorb and use the most up-to-date thinking on science to arm the Chinese intellectual circles and the Chinese people, he added. He hoped Chinese scientists would make their contributions to the cause of the science for the mankind, and serve China in vitalizing her economy.

It is necessary to increase the scientific and technical exchanges with other countries, he said. The Chinese Association for Science and Technology and its branches have close relations with the international scientific and technical circles and should play a great role in following the new trends of world developments in science and technology.

In the past 30 years and more, he said, the association has created a fine climate for the scientific and technical workers to grow to maturity, and provided opportunities of free discussions, mutual study and close cooperation for their scientific research work.

Song said the association was the first to open the door to the world for Chinese scientific and technical workers. With its help, many young and middle-aged scientists have become prominent worldwide, and scientific and technical circles as a whole are marked by unity, friendship and cooperation.

"We should face the future and take it as a strategic task to admit more young scientific and technical workers to the association," he added.

Urges Science in Rural Areas

OW181052 Beijing XINHUA in English 1034 GMT 18 Jun 86

[Text] Beijing, June 18 (XINHUA) -- A leading Chinese scientist and high-ranking official has urged a break-up of the concentration of scientific expertise in urban areas, the GUANGMING DAILY reported today.

The paper quoted Song Jian, who is a space expert and minister in charge of the State Science and Technology Commission, as saying development of China's rural areas, where 800 million people live, depends on wider diffusion of scientific knowledge and its practical applications.

To solve the problem, Song recommended the commission's "sparking plan," aimed at using scientific developments in urban areas to promote modernization of the rural economy. The plan covers 24 fields including farming on mountainous terrain, aquatic production, animal raising and food processing.

Most of China's 15 million scientists, engineers and other intellectual workers are concentrated in universities, colleges, research institutes and industrial enterprises in cities.

"Lack of intellectual workers in the countryside has become a barrier to rural economic development," Song said.

Developed countries, he said, are stressing new, sophisticated technologies appropriate to their industrial and agricultural systems. "In China, we should generate more sophisticated technology for already developed sectors and in the countryside apply scientific knowledge in ways that increase production and serve the practical needs of the people," he said.

According to the paper, China's 1985 industrial output value totalled 875.9 billion yuan, or 4,400 yuan per capita in urban areas. But the year's agricultural output value, including rural industries, while reaching 450 billion yuan, was only 560 yuan per capita among rural residents. The low agricultural productivity pulled the national per capita output value down to 1,300 yuan.

At the same time, ten million of people in mountainous areas, remote villages and areas inhabited by minority nationalities have a per-capita annual income of less than 150 yuan and cannot support themselves, Song said. "This problem will be aggravated as the population continues to grow."

Despite their comparative economic strength, the "urban areas cannot make the rest of China prosperous," song said. "Even if the productivity of the industrial sector were to jump ten times, the national average would only rise twice."

For that reason, he said, enhancing agricultural productivity is a "strategic task."

HAO JIANXIU CALLS FOR NEW EXPORT STRATEGY

OW221928 Beijing XINHUA Domestic Service in Chinese 1420 GMT 21 Jun 86

[Text] Wuhan, 21 Jun (XINHUA) -- Hao Jianxiu, member of the Secretariat of the CPC Central Committee, inspected some 20 factories and enterprises in Hubei's Wuhan City, Shaxhi City, and Jingzhou Prefecture 6-20 June. She stressed that the key to opening up new vistas for earning foreign exchange through export is to develop new items with high competitiveness.

From 6 to 8 June, Hao Jianxiu visited eight enterprises in Wuhan City, including a woolen mill, a printing and dyeing mill, the city wholesale market of textile industry, the city industrial art studio, and others. After seeing printed bed covers, embroidered sheets, bali yarn, children's pleated skirts, and other quality brandname products, she noted that these products were very competitive on both the domestic and foreign markets.

She suggested that it was necessary to make good use of Hubei's abundant resources of cotton and bast fibers and to change the export mix from mainly exporting raw and primary products to mainly exporting fully processed and refined end products; only thus can Hubei's resources of cotton and bast fibers be fully exploited.

Hao Jianxiu inspected the vast Jianghan Plain, homeland of the "Red Guard of Honghu." Last year, the amount of purchase of products for export in each of the 11 countries in this area exceeded 10 million yuan; Mianyang County even surpassed the 100 million yuan mark. Hao Jianxiu maintained that prefectures and counties could make significant contributions to earning foreign exchange through exports, adding that the work in this regard should be done simultaneously in both urban and rural areas.

During her inspection, Hao Jianxiu discovered that a lot of goods for export were manufactured from the old equipment of the 50's and 60's. Hao Jianxiu praised the cadres, workers, and staff of these enterprises for their great efforts to earn foreign exchange. She held that the reasons why these old enterprises always remain vigorous is the good quality of their workers and their sound management down to the basic level. They would do a lot better if they carried out technological transformation.

LEADERS ATTEND SHANGHAI ORCHESTRA PERFORMANCE

OW191426 Beijing XINHUA in English 1401 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) -- The Shanghai Symphony orchestra has been so popular on its present visit to Beijing that it has had to open its rehearsals to the public.

The orchestra has been showered with praise by Beijing audiences since it gave its first concert here on June 12.

Chinese leaders Wan Li, Chen Pixian and Wang Zhen attended the first performance. Wan praised the orchestra for its contribution to the development of symphonic music in China.

The conductor and players answered 11 curtain calls after their first two performances.

All the tickets for the 10 scheduled concerts were sold out 10 days before the orchestra performed. This did not meet demand, so the players agreed to let audiences into their rehearsals.

The orchestra, formed 107 years ago and once known as "the first orchestra in the Far East", plays works by both foreign and Chinese composers, such as Brahms, Tschaikovsky, Beethoven and Zhu Jianer.

Six Chinese vocal and instrumental soloists, who have all won prizes at international contests, are taking part in the concerts.

Over the past 30 years, the Shanghai Symphony Orchestra has given more than 2,000 concerts.

CHEN GUANGYI ADDRESSES FUJIAN PROPAGANDA WORK CONFERENCE

OW231150 Fuzhou FUJIAN RIBAO in Chinese 11 Jun 86 p 1

[Excerpts] On 10 June, Chen Guangyi, secretary of the Fujian Provincial CPC Committee, made a speech at the provincial conference on propaganda work. He emphatically pointed out: In doing propaganda work, we must firmly establish the guiding ideology of making propaganda work serve the "two civilizations." We must carry out our propaganda work in close connection with the actual situation in the province and in a way which conforms with Fujian's own characteristics. We must show a clear-cut party spirit and develop greater foresight and creativity. We must strengthen the party's leadership and mobilize the whole party to create a new situation.

Chen Guangyi said: Propaganda work must be made to serve the party's general tasks and targets as well as the two civilizations -- material and spiritual civilization. In serving material civilization, right now, we must pay attention to the following three points:

1. We must serve the modernization program.

2. We must serve the policy of promoting overall reform.

3. We must serve the policy of opening the country to the outside world. Propaganda workers must continue to give widespread publicity to the significance of implementing the policy of opening the country to the outside world and to the tremendous achievements we have scored after putting the open-door policy into practice. At the same time, we must correctly deal with some of the negative phenomena which have appeared in the course of opening the country to the outside world. In serving spiritual civilization, we must strive to raise the scientific, cultural, ideological, and moral standards of the entire Chinese nation and turn all people in the country into people with lofty ideals, moral integrity, better education, and a strong sense of discipline.

Comrade Chen Guangyi fully reaffirmed the achievements attained in the field of propaganda in recent years, and praised the hard work carried out by the masses of cadres in doing propaganda and political work. In order to make our propaganda work keep pace with the new situation, as it develops in the course of making reforms, opening the country to the outside world, and invigorating our domestic economy, he emphatically pointed out: In doing propaganda work, we must strengthen party spirit and develop greater foresight and creativity. To strengthen party spirit means that in doing propaganda work we must adhere to the basic Marxist principle of seeking truth from facts and identify ourselves with the party Central Committee politically and ideologically. To develop greater creativity means that under the guidance of the party's major policies and principle, we must give full play to our subjective initiative and carry out our work creatively. In order to make our propaganda work suit the new situation we face today, we must boldly discard outmoded ideas, concepts, and habits, and vigorously promote the spirit of daring to forge ahead and create the new.

In conclusion, Comrade Chen Guangyi called on the party committees at all levels to resolutely strengthen their leadership over propaganda work. He said: Efforts must be made to mobilize the whole party to carry out ideological and political work. At the same time, we must expand the contingent of propaganda workers, give them encouragement, and sincerely support and help them in carrying out their work.

The 7-day provincial conference on propaganda work was held from 4 to 10 June. Attending the conference were leading comrades of propaganda departments directly under the provincial authority, directors of propaganda departments under the various prefectual (city) and county party committees, leading comrades of the political department of the provincial economic commission, responsible comrades in charge of ideological and political work under the various prefectual and city economic and financial commissions, responsible comrades of the various provincial and prefectual (city) trade union, youth, and women federations as well as directors of propaganda departments under the party committees of some universities.

During the conference, He Shaochuan, Standing Committee member and Propaganda Department director of the provincial CPC Committee, relayed the guidelines laid down at various national meetings concerned. Wang Zhongxin, deputy director of the Propaganda Department under the provincial CPC Committee, and Huang Jie, vice chairman of the provincial economic commission and director of the political department under the provincial economic commission, made speeches on separate occasions on how to strengthen ideological and political work in rural areas and in various enterprises. The conference also seriously studied issues on how to strengthen ideological and political work in rural areas and in various enterprises.

FUJIAN ENTERPRISES ATTRACT FOREIGN INVESTMENT

OW241052 Beijing XINHUA in English 1038 GMT 24 Jun 86

[Text] Beijing, June 24 (XINHUA) -- The 133 rural enterprises in Fujian Province in east China have attracted more than 74 million yuan (about 23 million U.S. dollars) in foreign investment, the overseas edition of the "PEOPLE'S DAILY" reported today. More than 60 percent of the enterprises export at least half of their products to other countries and regions, the paper said, noting that its statistics were based on counts made at the end of May. The 133 enterprises, in part collectively owned by their workers, manufacturered more than 1,000 products including garments, processed food, toys, handicrafts, electronics and machinery. In 1984, 31 of Fujian's rural enterprises had foreign investors. Another 96 jointly-owned firms were set up in 1985.

JIANGXI RESETTLES DEMOBILIZED ARMY CADRES

OW231350 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 16 Jun 86

[Text] Jiangxi did a good job in promptly resettling demobilized Army cadres in 1985. After the quote for resettling demobilized Army cadres was set for the province last year, the provincial party committee and provincial people's government promptly studied and drew up a number of measures in view of the large number of demobilized cadres and the major changes in the reform of local enterprises. Generally speaking, demobilized Army cadres were placed in civilian jobs commensurate with their previous experience. Of the some 380 division and regimental-level demobilized cadres returning to Jiangxi, 10 percent were assigned jobs equivalent to their former rank, and 87 percent a half grade lower than their former rank. Of the over 1,000 battalion-level demobilized cadres, 95 percent were placed in jobs generally commensurate with their professisonal skills.

In resettling demobilized cadres, the provincial party committee and provincial people's government paid a great deal of attention to specialized technical personnel and intellectual cadres. As a result, some 400 specialized technical cadres have found a place to continue to display their talent.

As for demobilized Army men who had won military service honors, the provincial party committee and provincial people's government gave preferential treatment to those who had won first or second-class merit citations in the Army, or had been awarded with a title of honor by a military region. Preferential treatment was also given to demobilized Army men who had served in remote hardship posts in high mountain areas, islands, or frontier areas for a long time. Last year, 26 demobilized cadres with first or second class merit citations were placed in better jobs in accordance with relevant regulations. The province also resettled some 2,700 dependents of demobilized cadres last year, of whom 900 were given employment.

SHANGHAI CONTINUES GRASS-ROOTS PARTY RECTIFICATION

OW190509 Shanghai City Service in Mandarin 0000 GMT 18 Jun 86

[Text] At a municipal work conference on party rectification in rural areas held yesterday, Wu Bangguo, deputy secretary of the Shanghai Municipal CPC Committee, said: Party rectification in rural areas must promote reform and ensure that it invigorates the economy and is conducive to developing the exceedingly favorable situation in the countryside. The focus of party rectification should be the solution of conspicuous problems among party cadres. As for new situations and problems emerging in the course of reform, they should be treated carefully according to policy. We should not simply copy the methods used in party rectification of organs and apply them to grass-roots party rectification, disregarding specific conditions.

Party rectification in town and township organs in Shanghai has basically been completed. The rectification of some 8,600 grass-roots party branches in the rural areas will systematically begin in the second half of this year.

SHANGHAI GARRISON BEGINS LOW-LEVEL RECTIFICATION

OW221800 Shanghai City Service in Mandarin 0000 GMT 21 Jun 86

[Text] The Shanghai Garrison District held a party rectification work meeting on 20 June. Addressing the meeting, Commander Ba Zhongtan said: The district plans to start its all-out party rectification at the battalion and company level in early July. All grass-roots units will be involved in party rectification at this level. Therefore, successfully carrying it out is of fundamental importance to strengthening the revolutionization, regularization, and modernization of the Army, and is also required to ensure success in Army building at the grass-roots level.

SHANGHAI INITIATES JOINT VENTURE EMPLAOYEES' PENSIONS

OW190645 Beijing XINHUA in English 0549 GMT 19 Jun 86

[Text] Shanghai, June 19 (XINHUA) -- All Chinese working for Sino-foreign joint-venture enterprises in Shanghai will enjoy old-age pensions after retirement, according to a new temporary regulation.

The regulation, issued by the municipal government of Shanghai, provides that all the Sino-foreign joint-venture enterprises in the largest industrial city of China should begin to take out old-age insurance for their Chinese employees once they get approval to open their business.

It stipulates that the enterprises should pay every month a sum equivalent to 30 percent of the total amount of their Chinese employees' monthly salaries to the Shanghai branch of the People's Insurance Company of China for the old-age pension fund. The insurance will cover retired employees' old-age pensions, medical bills, funeral expenses, and compensation for the deceased employees' widows and orphans.

The municipal authorities said the regulation is also applicable to Sino-foreign cooperative enterprises and enterprises with sole overseas funds.

The joint-venture and cooperatiave enterprises, because of their limited contract business period and other factors, can not guarantee the livelihood of their retired Chinese employees as Chinese enterprises do. The old-age pension scheme is aimed at tackling this problem, local officials said.

They noted that there are more than 10,000 Chinese currently working for Shanghai's 170-odd joint-venture and cooperative enterprises.

The regulation is the first of five scheduled to be published by the Shanghai government this year for enterprises introducing overseas funds, they said. The officials added that the city has already issued 37 regulations since 1979 concerning the introduction of overseas funds.

RURAL ZHEJIANG BEGINS PARTY RECTIFICATION

OW221913 Hangzhou ZHEJIANG RIBAO in Chinese 13 Jun 86 p 1

[Excerpts] A reporter of this newspaper has learned from the Party Rectification Office of the provincial party committee that the Zhejiang Provincial CPC Committee recently worked out more specific arrangements for carrying out party rectification in units at the village level in rural Zhejiang in accordance with the guidelines of a seminar convened by the Central Committee for Guiding Party Rectification on the work of party rectification in six coastal provinces and municipalities.

Under preparation since June, the work of party rectification in units at the village level in rural Zhejiang will begin successively in mid-August. More than 50,000 party branches and 710,000 party members will take part in this party rectification.

As the guiding ideology for carrying out party rectification in units at the village level in rural areas, the provincial party committee has called for giving full scope to the "twin roles" of ensuring reform and economic development and successfully fulfilling the Seventh 5-Year Plan, with emphasis on persistent efforts in conducting positive education aimed at raising the ideological and political consciousness of the broad masses of party members. In order to conscientiously implement this guiding ideology, it is necessary to gain a clear understanding of the following four points both ideologically and realistically:

1. At present our central task is socialist modernization based on the vigorous development of social productivity. This is the general guiding ideology for rural party rectification that calls for compliance.

2. It is essential to persist in carrying out reform and to promote further development of reform.

In conducting party rectification, rural party organizations and members should be made to resolutely implement the party's rural policies, to further develop and refine the management system marked by a dual combination of overall and shared management, to take the lead in establishing and perfecting a system to facilitate rural commodity production, and to lead the masses onto the road of achieving prosperity through hard work and of bringing about common affluence.

3. It is imperative to recognize Zhejiang's characteristics of being close to the coast and economically quite advanced; to give full protection and support to village and town enterprises, including the development of household and joint household industries; and to support and protect those peasant-entrepreneurs who are bold in carrying out reform and blazing new trails and good at running their businesses.

4. It is necessary to provide different types of guidance in accordance with the economic development of the various localities.

The provincial party committee noted: The pace and approach of carrying out party rectification should proceed from the actual situation in rural areas. In laying the groundwork for carrying out party rectification in units at the village level, party committees at the higher levels should take a thorough, rather than a hasty, approach. Arrangements for the various stages of party rectification should be compact, not loose, in structure. Provincial, city, prefectural, county, district, and village organizations should mobilize substantive forces to help and guide units at the village level in their party rectification work to ensure the quality of their tasks.

ZHEJIANG EXPORT COMMODITIES FAIR OPENS 25 JUN

OW251032 Beijing XINHUA in English 1004 GMT 25 Jun 86

[Text] Hangzhou, June 25 (XINHUA) -- The Zhejiang provincial export commodities fair opened today in Hangzhou with over 300 representatives from Australia, France, Italy, Japan, Singapore, the Philippines, the United States and Hong Kong attending the opening ceremony. The ten-day fair will exhibit 1,440 kinds of commodities including silk, textiles, food and vegetable oil, aquatic products, livestock side-products, light industrial products, machines, chemicals, medicines and medical apparatus, minerals and metals. Zhejiang commodities have been exported to 120 foreign countries and regions. Its 1985 exports totalled 940 million U.S. dollars, nearly four times the 1980 figure.

GUANGZHOU ARTICLE REFLECTS ON 'DOUBLE HUNDRED' POLICY

HK250223 Guangzhou YANGCHENG WANBAO in Chinese 19 Jun 86 p 2

[Article by Shu Zhan: "Both a Principle and a Law"]

[Text] It has been almost 10 years since Jiang Qing was overthrown. Can everyone remember precisely what he was doing on the day that wonderful news was announced and rapidly spread everywhere? It seemed that everyone was simultaneously celebrating China's second liberation, and the dark days had finally come to an end.

Everyone was acclaiming, forecasting, and expecting a spring time for science and for literature and art. In the event, the "double hundred" principle indeed returned to us. Some people innocently believed that "leftist" ideology had then died a natural death or, in other words, had taken a rest from its stage in history.

No, it is not disposed to be lonesome, and sometimes it returns to the stage in disguise.

If we are not forgetful, we should remember that after the "gang of four" was smashed, for a time stress was still laid on grasping the key link and criticizing Deng, and the "gang of four" was described as ultrarightist instead of ultraleftist; there was a total ban on probing into everything the leader had written and said.

The discussion on practice as the criterion of truth was censured and boycotted by many people, despite the fact that this discussion was very popular with the party, the Army, and the people. The 3d Plenary Session of the 11th CPC Central Committee was of equal significance with the Cunyi Conference, but it was reproached by certain people. Do you recall, at that time there was a certain so-called "theory of going to excess." It was held that emancipation of the mind, assigning production contracts to each household, implementing the policies, and bringing democracy into play had all been taken excessively.

Afterwards, the remuneration that intellectuals on the science and technology front received for sparetime labor was described as spiritual pollution, and the fruits of an individual's hard work were described as crimes and legal sanctions were taken against them. These and similar things happened.

Some people become extremely angry and resentful when they hear about the various expressions of "leftism," like Ah Q when he was accused of having favus on the head; it seems that, in their view, so long as nothing is said about it, the favus will disappear naturally.

"There is no need to settle old accounts." I agree, but should we forget the history of the past and the present, the things that happened yesterday, the tragic lessons that left us bruised and bloody? Should not those people who went to extremes in their irrational criticism of correct theories and viewpoints that had been accepted by the party and written into documents conduct a little self-criticism?

Innocent students (including myself) should also become more soberminded through reviewing the setbacks, frustrations, and difficulties in implementing the "double hundred" principle in theory, literature and art, and cultural works over the past 10 years.

There is no doubt that since the "double hundred" principle is a state cultural policy guideline, the leading departments in cultural work at all levels should create good conditions for its implementation, to ensure equality in contending and to provide a pleasant atmosphere for a hundred flowers to blossom. However, the "double hundred" is not only a policy guideline; it is also a law for the development of ideology, science, and culture. The various schools of thought during the period from pre-Qin times to the early years of the Han Dynasty, the renaissance and the industrial revolution in Europe, and the new wave of world science and technology in recent years prove in every case that the development of human civilization can only be advanced if there is academic equality and creative freedom. The moment "democracy" is strangled, there is no way for "science" to carry on.

It was long ago evident how much harm was done to scientific development by the dismissal of 98 of the 100 schools of thought after the anti-rightist drive in 1957, leaving only 2 behind -- dictatorship and existence under dictatorship. However, science still stubbornly forges ahead amid arduous difficulties; it does not shift according to whether or not the eight-character "double hundred" principle appears in the press.

People await happiness, the trees await the spring. There are also spring storms. It is not just mild breezes and gentle rain, some areas may have fierce storms with black clouds and even hailstones. However, spring cold toughens the plum blossom. Extreme "leftist" ideology has also toughened China's intellectuals. They are gradually able to distinguish its dazzling and stylish garments and see right through to its bone marrow. Mr "Left" sometimes holds things aloft against the "double hundred" principle, sometimes blocks it, and sometimes tramples on it, changing his methods in bewildering ways, with the simple gut feeling that the "double hundred" principle is equal to liberalization. This is because when the "double hundred" principle is practiced, dogmatism has to take a rest.

GUANGDONG PROVINCE BECOMES LEADING EXPORTER

OW230754 Beijing XINHUA in English 0550 GMT 23 Jun 86

[Text] Beijing, June 23 (XINHUA) -- Guangdong Province bordering on Hong Kong and Macao is China's largest exporter, overtaking Liaoning Province and Shanghai, the "INTERNATIONAL BUSINESS" reported today. The province exported 1.39 billion U.S. dollars worth of goods in the first five months of this year -- a 118.7 percent increase from the same 1985 period. The figure met 48.4 percent of Guangdong's annual target. Guangdong's exports topped the 300 million U.S. dollar mark for the first time last month, according to the biweekly paper.

Shenzhen, Shantou and Zhuhai in Guangdong are three of China's four special economic zones, where investors from Hong Kong, Macao and overseas enjoy preferential treatment. Moreover, the provincial capital of Guangzhou and Zhanjiang are among the 14 coastal cities with greater decision-making authority over foreign investment and trade. The Pearl River Delta, one of the most developed areas in China, is also open to foreign investment.

GUANGDONG'S ZHUJIANG ECONOMIC ZONE DEVELOPS

OW240842 Beijing XINHUA in English 0755 GMT 24 Jun 86

[Text] Beijing, June 24 (XINHUA) -- Five more towns near Zhongshan, Guangdong Province, have been named as satellite towns for the Zhujiang Delta Economic Development Zone, today's overseas edition of "PEOPLE'S DAILY" reported. This brings the total number of satellite towns named by provincial authorities to 64, the newspaper said. They enjoy priority in tax benefits and raising loans. Tariffs and taxes on imported raw materials, spare parts, packaging materials and vehicles for Sino-foreign joint ventures in these satellite towns can be exempted, as long as their products are for export. And joint ventures and foreign-funded enterprises involved in technical research, energy, transport and ports, which need a comparatively longer period to recover investment, enjoy preferential tax treatment.

The Bank of China and the China International Trust and Investment Corporation will grant loans to enterprises which are expected to earn hard currency.

Existing enterprises in the satellite towns also enjoy preferential tax treatment on imported equipment and raw materials for making export goods.

SHENZHEN IMPLEMENTS PREFERENTIAL INVESTMENT POLICY

OW240610 Beijing XINHUA in English 0157 GMT 24 Jun 86

[Text] Beijing, June 24 (XINHUA) -- The Shenzhen Special Economic Zone has worked out a series of preferential policies for banks with foreign capital in Shenzhen, according to the overseas edition of today's "PEOPLE'S DAILY". The preferential treatment will become effective beginning July 1 this year and last until the end of 1995. During the ten-year period, branches of foreign banks in Shenzhen will be exempt from the three-percent industrial and commercial consolidated tax. Foreign depositors and depositors in Hong Kong and Macao will be exempt from paying income taxes on the interest they receive from banks with foreign capital in the zone. Also exempt from income tax will be the interest on inter-bank loans provided by foreign banks or banks in Hong Kong and Macao for banks with foreign capital in Shenzhen, the paper said. Shenzhen now has 13 foreign bank branches and nine offices.

CPC SECRETARY QUERIED ON HAINAN DEVELOPMENT PROGRESS

HK231242 Beijing LIAOWANG in Chinese No 23, 9 Jun 86 pp 17, 18

[Article by Chen Yexuan: "Yao Wenxu, Secretary of the CPC Committee of the Hainan Administrative Region, on Correcting the Orientation of Hainan's Development"]

[Text] The motor vehicle reselling incident which happened on Hainan Island in 1984 shocked the whole country. This serious case brought disorder and losses to Hainan's economy, and a number of cadres involved were punished. It was a great setback in Hainan's development.

This island, once a shining pearl in the sea under the guidance of the policy of opening up to the outside world and enlivening the domestic economy, was covered with a shadow. Now more than 1 year has passed since then. What is the situation on this island? This is a question people are concerned about.

Recently this reporter paid a visit to Hainan. What was heard and seen can be summarized as follows: The course has been corrected, the cadres are in high spirits, and the treasure island in the South Sea is again full of life.

We interviewed Yao Wensu, secretary of the Hainan Administrative Regional CPC Committee, in an office with simple decor and out-dated equipment. Yao Wenxu spoke slowly, honestly, and at length.

At the very beginning he said: "We have committed serious mistakes in our work and are now correcting them with real action." He continued: The CPC Central Committee always requires us to proceed from the realities of our island and to use the island's resources to promote our development. During the period from 1983 to the first half of 1984, we did quite well in implementing this policy of the central authorities, and all undertakings were developing healthily. At that time, we put forward the slogan: Prepare in the first year, glide in the second year, and take off in the third year. However, in the summer of 1984, due to the vacillation in our guiding ideology, we became impatient and hoped that we could reap more profits from trade and establish some basic facilities as quickly as possible. As a result, as you already know, we committed serious mistakes, trying to reap profits by reselling motor vehicles. This has been a profound lesson for us.

He said: The CPC Central Committee and the State Council are showing great concern for Hainan's work. In winter last year and spring this year, many central leading comrades, including Hu Yaobang, Zhao Ziyang, Hu Qili, Tian Jiyun, and Gu Mu, came to Hainan one after another, to inspect and examine work and help Hainan learn from experiences and lessons and solve difficult problems. They encouraged us to brace ourselves and do our jobs well. While affirming Hainan's achievements in opening up and construction, they also pointed out the existing problems and orientation for its future development. All this greatly inspired the people of all nationalities in Hainan. Setbacks taught us a lesson. In the future we will strictly follow the party's policies and principles and do our jobs well in a down-to-earth manner.

We asked him to talk about something new, such as the new situation of Hainan's construction and development and new plans, rather than talking about the old accounts.

Yao Wenxu smiled. He said: In order to promote Hainan's development, we must use its superiority in natural resources and vigorously develop the planting and processing of tropical industrial crops and the breeding and processing of aquatic products, as well as tourism. This is a policy worked out with the help of the central leading comrades during their inspection of Hainan. This is nothing new, and is not news to us. In the future, in order to implement this policy and accelerate Hainan's construction and development, we must work hard to lay two solid foundations.

First, we must lay a solid foundation for agriculture. Over the past few years, we have paid attention to agriculture and have achieved rapid development in this field. However, there is still insufficient investment, scientific and technological guidance, and basic facilities for agriculture, and the overall plans are still imperfect. All these problems have to be solved conscientiously.

In China, the subtropical zone covers an area of more than 50,00 square kilometers, of which over 30,000 square kilometers are in Hainan. Tropical industrial crops are the main natural resources and the economic basis of Hainan Island. We must proceed from this reality and implement the policy of developing agriculture, forestry, animal husbandry, sideline production, and fishery in an all-round way, with the stress on developing tropical plants such as rubber and others.

Our initial target is that by 1990, the land for growing tropical plants and industrial crops will be expanded from the current 6.8 million mu to 8 million mu and each year will provide the state with 200,000 tons of dry rubber, 500,000 tons of sugar, 60 million coconuts, 4,000 tons of pepper, 4,000 tons of medical herbs, and 2,000 tons of dry coffee beans. We will also make use of the superiority of the island, which is surrounded by the sea, to develop the fishery and aquatic rpoducts industry, especially the breeding of prawns, grouper, clams, and oysters. We plan to gradually establish an industrial structure with the stress on processing the island's resources, while promoting the production of industrial crops and aquatic products.

Second, we must grasp well the construction of basic facilities with the stress on energy resources and communications. Hainan's basic facilities for communications, energy production, and telecommunications are backward. It is especially deficient in electricity. This is a great obstacle for Hainan's development and construction. Since 1983, the region has built 24 key projects, including 13 projects for communications, energy production, and telecommunications. Of these projects, the urban automatic telephone system of Haikou City, the Nandukou Bridge, the extension of the Haikou airport and sea port, the Xi-Ling-Ba [6007 1545 0360] railway, and the telecommunications circuit between Guangzhou and Haikou have already been completed and put into production.

At present, there are already air and sea navigation lines between Haikou and Hong Kong, sea routes between Sanya and Hong Kong, air routes between Sanya and Guangzhou, and air routes between Haikou and Singapore. However, they still cannot satisfy the needs of the current construction and development. We are now concentrating our efforts on some key projects, including the 200,000 kw thermal power station and the natural gas and hydropower stations in Haikou, the reconstruction of a first-grade highway on the eastern line, and the extension of the Haikou and Yangpu ports. Yao Wenxu said: We are preparing to establish a Hainan Aviation Corporation to conduct unified administration of civil aviation on this island. We will make full use of the existing airports to promote our island air service and then extend our service to the outside.

Yao Wenxu drew a picture for us of Hainan's magnificent economic construction. However, it needs large sums of investment. Where can we get the money? Yao Wenxu said that there are three ways: 1) rely on our own strength and take the road of self-reliance; 2) state investment in some key projects or state loans for them; 3) "introduce foreign investment and strengthen cooperation with the hinterland" and implement the policy of opening up to the outside world to promote our internal development, to absorb both internal and external funds and technology for Hainan's development.

Yao Wenxu said: We welcome enterprises from China's advanced areas, Hong Kong and Macao compatriots, Overseas Chinese, and foreign businessmen to Hainan to make investments or to cooperate with us in our development, and we will continue to give them preferential treatment.

This means that in the first and second profit-making years, the Chinese-foreign joint ventures and cooperative enterprises, as well as those independently run by foreign investors, will continue to be exempted from profit tax, and from the third year, this tax will be levied at a reduced rate of 15 percent. If, in the first 3 years, these enterprises have difficulty in paying consolidated industry and commerce tax, they can apply for reduction or exemption.

As to the share dividend, interest, rent, and charges for exclusive use of certain facilities, which are obtsained by foreign firms that do not have an office in the Hainan Administrative Region, profit tax will be levied at a reduced rate of 10 percent. Profit tax will not be levied on the part of profit remitted abroad by the joint venture enterprises, and all construction materials, machinery and equipment, raw materials for production, seeds, and breeding stock which are necessary for projects using foreign investment will be duty free when they are imported. Construction materials and equipment for Chinese-foreign joint or cooperative tourist projects will also be duty free.

In conclusion, Yao Wenxu said: Since implementing the policy of opening up to the outside world, by the end of 1985, Hainan Island has signed 254 contracts with China's advanced areas on joint investment, with a total investment of 232 million yuan, and had signed 248 contracts with foreign firms, a total investment of $335 million. The foreign funds actually used were more than $37 million.

Over the past few years, great achievements have also been made in Hainan's industrial and agricultural production as well as in the construction of some basic facilities. The total industrial and agricultural output value has been increasing at an average annual rate of 13.8 percent. Last year, the total output value of this region almost doubled that of 1980.

Now we can say with full confidence that, provided we firmly implement the three main policies on developing the planting and processing of tropical plants, developing the breeding and processing of aquatic products, and developing tourism, and providing we continue to open up to the outside world and strengthen cooperation with the hinterland, Hainan's economy will surely be vigorously developed.

Yao Wenxu concluded: We hope that all people of noble aspirations both at home and abroad will strengthen cooperation and make joint efforts to build Hainan into a more beautiful and more prosperous island!

HUBEI STUDIES PARTY RECTIFICATION ARRANGEMENTS

HK240217 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 23 Jun 86

[Excerpts] The provincial CPC Committee Standing Committee and the provincial party rectification guidance group held a meeting on 21 June to convey and implement the spirit of the forum on party rectification in six provinces and one autonomous region in south China to study and make arrangements for future work. The meeting demanded that all parts of Hubei set high standards and strict demands and achieve thorough success in district and township party rectification and in consolidating and developing the fruits of party rectification, to ensure and promote the healthy development of reforms and economic construction. Guan Guangfu, secretary of the provincial CPC Committee and head of the provincial party rectification guidance group, presided.

The meeting pointed out that under the guidance of the central principles and policies and with the common efforts of the party organizations at all levels, notable achievements have been scored in party rectification in districts and townships in the province. However, the development is uneven. The meeting therefore demanded that attention to paid to grasping the following tasks:

1. Make a success of district and township party rectification from beginning to end. Units where the standards were not high and the demand not strict, and in particular, units which did the work in a superficial way, must carry out a review. If problems are discovered, we must help them to make up for the missed lessons.

2. Get a good grasp of preparations for party rectification at village level. First it is necessary to investigate rural party organizations and party-member cadres to find out the situation, and to organize pilot projects. Experiences must be seriously summed up. We must educate all village-level party members.

3. Further promote the work of consolidating and developing the fruits of party rectification in units at and above-county level.

4. We must continue to do a good job in investigating and dealing with major and important cases and investigating people of three categories.

The meeting stressed: Rural party rectification is extremely important. It is a new starting point for party building in the new period and an important measure for governing the party with strictness. All rural party rectification must be focused on ensuring and promoting the development of reforms and help to further invigorate the rural economy, to mobilize the peasants' enthusiasm for production, and to stabilize and develop the excellent situation.

HUNAN LEADERS MEET NPC EDUCATION INSPECTION GROUP

HK210507 Changsha Hunan Provincial Service in Mandarin 2200 GMT 20 Jun 86

[Excerpts] On 20 June, Hunan party and government leaders exchanged views on the province's implementation of 9-year compulsory education with the members of the NPC group inspecting the implementation of the Law on Compulsory Education in the province. The 18-person inspection group arrived in Changsha on 19 May.

On the morning of 20 June, provincial party and government leaders Mao Zhiyong, Liu Zheng, Jiao Linyi, Wang Xiangtian, Shen Ruiping, Kong Anmin, and Liu Guoan and responsible comrades of departments concerned listened to the inspection group's report. The group held that the provincial CPC Committee and government and the party and government leaders at all levels have attached great importance to education in recent years. The group also gave its opinion on teachers, funds, support for poor areas, and strengthened leadership required for implementing the Law On Compulsory Education in Hunan.

In the course of exchange views, Mao Zhiyong, Liu Zheng, and Wang Xiangtian made speeches. They pointed out: We should further enhance the understanding of the party committees and government at all levels and the departments concerned regarding basic education, and solve really well the problems of teachers, funds, and so on, involved in introducing universal 9-year compulsory education. They said that the province will seriously study and solve the problems and suggestions raised by the inspection group. They also expressed the hope that the central departments concerned will give Hunan more support and help in education.

WEN WEI PO REPORTS SHENZHEN LEADERSHIP RESHUFFLE

HK260540 Hong Kong WEN WEI PO in Chinese 21 Jun 86 p 1

["Special Dispatch" by reporter Kuang Yu: "Shenzhen Leadership Reshuffled"]

[Text] Shenzhen -- There will be a normal personnel reshuffle in the Shenzhen City CPC Committee and government this month. Five out of seven vice mayors or city CPC Committee secretaries and Standing Committee members will be relieved of their posts. They are Zhou Ding, deputy secretary of the city CPC Committee and vice major; Luo Changren, member of the city CPC Committee Standing Committee and vice mayor; Liu Bo, member of the Standing Committee of the city CPC Committee; and vice Majors Zhen Xipei and Wu Xiaolan.

Zhou Ding's new post will be chairman of the city People's Congress Standing Committee, and Luo Changren and Zhan Xipei will become vice chairman. Liu Bo will become secretary of the city Discipline Inspection Commission. Except in the case of Zhou Ding, who is being changed to another post for work requirements, the reshuffle is a normal affair undertaken due to old age.

Qin Wenjun [4440 2429 0193], director of the Guangdong Provincial Policy Research Office, will be appointed deputy secretary of the city CPC Committee. Zou Erkang, member of the Standing Committee of the city CPC Committee, will concurrently hold the post of vice mayor. Zhang Hongyi [1728 7703 5030], manager of the Shenzhen branch of the Bank of China, and Zhu Yuening [2612 1878 1337], deputy secretary general of the city government, will be appointed vice mayors.

The readjusted leadership groups of the city CPC Committee and government will be as follows: Li Hao, secretary of the city CPC Committee and mayor; Qin Wenjun, deputy secretary of the city CPC Committee; and vice mayors Zhou Xiwu, Zou Erkang, Li Guangzhen [2621 1639 6966], Li Chuanfang [2621 0278 5364], Zhang Hongyi, and Zhu Yuening. The readjusted leadership will have a lower average age.

PRC SPECIAL ECONOMIC ZONES 'NO LONGER SPECIAL'

HK260259 Hong Kong SOUTH CHINA MORNING POST in English 26 Jun 86 p 14

["Views on China" by Thomas Chan, researcher at Center of Asian Studies, University of Hong Kong; "Economic Zones Lose Their Special Status"]

[Text] The Shenzhen Special Economic Zone [SEZ] is no longer special.

It was reported early this year in the GANGAU JINGJI, a journal published by the Center of Hong Kong and Macao Studies of Guangzhou, that in over 40 policies promulgated by the central authorities since the second half of last year, Shenzhen was not given any special exemption.

The very nature of SEZ's is their special exemption from the jurisdiction of central economic policies. With this exemption done away with, or diminished, it will be difficult for Shenzhen and three others -- Zhuhai, Shantou and Xiamun -- to be true to their names as SEZ's of China.

What is at stake is not just a matter of name and substance, but the very economic viability of these SEZ's.

In the last year debate on whether Shenzhen should be deemed as a model of success or as an example of discrepancy between policy goal and performance, it has become an obvious fact to both the central authorities of China and outside observers that the "economic miracle" of Shenzhen was nothing more than the result of misuse of its policy prerogatives.

Shenzhen built up its physical achievement (in the form of blocks of multi-story skyscrapers that Mr Deng Xiaoping admired) and economic boom (as expressed in terms of rapidly rising living standard and prosperity of the firms there) primarily on its gains from entrepot trade.

Its special policy status and the laxity of customs controls at the border that separates the SEZ from the rest of China has allowed it to trade much sought after imported consumer goods on the local and mainland markets.

In return, huge wealth from the considerable difference between the import price and selling price of these goods has been accrued to those involved in the trade, which practically includes almost everyone and every organisation in Shenzhen, and the SEZ itself.

The prosperity of Shenzhen, and hence its apparent "economic miracle" and of the SEZ policy as a whole between 1983 and early last year are primarily a result of this illegal but tolerated (even at times encouraged) entrepot trade.

However, this phenomenon is contrary to the expectations of the central authorities. More significantly, such illegal entrepot trade has caused serious disruptions and dislocations to China's foreign trade system, and especially to the domestic foreign exchange control and monetary system.

Although it is unfair to say that the entrepot trade of Shenzhen, and of Zhuhai to a lesser extent, which is predominantly import trade, should be held responsible for the huge foreign trade deficit and draining of foreign exchange resource out of China, the negative effect of Shenzhen's entrepot trade is so obvious that no sensible central leader would come to its defence.

Last year, when the central authorities were forced to clamp down on the illegal trade in foreign currency by Shenzhen's firms (even the SEZ government was alleged to be involved), which was the means by which the SEZ balanced its payments in foreign currency, Shenzhen turned to parallel trade for compensation.

The result was an upsurge of general hostility towards Shenzhen by xians (countries) in the Pearl River Delta (which inevitably involved the Guangdong provincial authorities), neighbouring provinces and finally the powerful MOFERT (Ministry of Foreign Economic Relations and Trade) because of the damage to their usual exports by Shenzhen's "lower-than-production-cost" offers in parallel trade.

The rigid imposition of a foreign trade quota and permit system on Shenzhen this year was a logical outcome of such hostility.

Despite the efforts of Mr Deng and Mr Gu Mu to save Shenzhen (which is in fact more for the saving of their "face" and credibility in the central leadership), the generalised hostility towards the SEZ by central ministries and local authorities is so strong that Shenzhen and other SEZ's as well have, since the second half of last year, been gradually stripped of their special policy prerogatives.

Without special policy prerogatives, SEZ's are left with no short-cut road to economic development through illegal trade. Now they have not only to face the formidable task of local accumulation out of a small regional economy, as the central authorities remain firm on their original stand of no financial assistance to SEZ's, but also to feel the crushing burden of immediate foreign currency and RMB debt servicing.

The scale of such problems for Shenzhen and Zhuhai, the fastest growing SEZ's in the past few years, will be much greater and more unbearable. With a dwindling local market and stagnant tourism, Zhuhai might find it hard to service its debt from current foreign currency incomes.

As for Shenzhen, the city government alone is required in this year to repay the first installment of a RMB 700 million infrastructural loan, which amounts to RMB 200 million and is equivalent to one-fourth of the total financial income of the city last year. (Another source says the sum to be repaid this year is only RMB 150 million. Nevertheless, Shenzhen is required to repay the entire amount of RMB 700 million within three years, beginning from this year.) This will undoubtedly cause a serious strain on the city's tight budget; and the city has little accumulated financial surplus to rely on.

As for the central leaders like Mr Deng, their minds have turned to another, at least potentially, miracle-creating project -- Ningbo. This time, probably because of the lesson from the SEZ's, the central government has promised to invest RMB 520 million in Ningbo in the next five years, beginning from this year, a sum that is more than half the amount committed to the municipality of Shanghai.

With such a huge investment, and with about U.S. $300 million that Hong Kong's Sir Yue-kong Pao has promised raise [as published], Ningbo could soon become the national model of "instant" economic success.

Meanwhile, the no longer special Shenzhen SEZ will be left to struggle on its meagre resources, perhaps as an example of self-reliance.

PRC SCIENTIST REASSURES HONG KONG ON DAYA BAY SAFETY

HK260134 Hong Kong TA KUNG PAO in English 26 Jun-2 Jul 86 p 1

[By staff writer]

[Text] Although the equipment and technology for the Daya Bay nuclear power plant are to be imported from France, this does not mean that China was blank in nuclear technology, a Chinese expert said on 24 June.

Jiang Shengjie, director of China's Nuclear safety Bureau, made the remark when meeting in Beijing with scientists from Hong Kong and Macao who are atending the third national congress of the Chinese Association for Science and Technology.

Noting that many Hong Kong residents are worried about the competence of the Daya Bay plant staff, Jiang pointed out that China has 30 years' successful experience in making nuclear weapons and carrying out nuclear tests. China has full confidence in its sizable contingent of nuclear specialists trained in the course of developing the country's nuclear industry during the past 30 years, he added.

Jiang, a graduate of Columbia University who pioneered China's nuclear industry, assured the Hong Kong and Macao scientists attending the congress that the high safety standards adopted for the Daya Bay plant are up to international level. He said that a computerized simulator is to be used to train the plant staff on ways to detect and tackle possible accidents. There is no such simulating device in Chernobyl, he noted.

Unlike in the Soviet Union, he went on, decisionmakers on nuclear development and people responsible for safety inspection and issuing licences belong to two different organizations, thus ensuring the reliability of supervision.

Acknowledging that negotiations had been held on lowering the cost of the Daya Bay project, the nuclear specialist said the plant's safety standard would not be affected.

He said that nuclear power has been playing an important role in developed countries. In France 68 percent of the electricity is generated by nuclear plants.

China cannot affort to ignore nuclear power although priorities have been given to developing thermal and hydraulic power plants. China is rich in coal and water resources, but 70 percent of the hydropower resources are concentrated in the southwest, while 60 percent of the country's coal deposits are in the north and northwest. This leaves the economically developed east and southeast short of energy supply.

Two nuclear power plants are under construction in China at present, one at Qinshan in east China's Zhejiang Province, the other in Guangdong Province's Daya Bay, close to Hong Kong. The 300-megawatt Qinshan plant is scheduled to go into operation in 1989. The Daya Bay plant, with two 900-megawatt pressurized water reactors, will be commissioned in 1992 or 1993.

COMMENTARY ON PROSPECTS FOR SINO-PORTUGUESE TALKS ON MACAO

HK260643 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1031 GMT 25 Jun 86

[Short commentary by Zhao Qi: "Sino-Portuguese Talks in Prospect" -- ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 25 Jun (ZHONGGUO TONGXUN SHE) -- The Sino-Portuguese talks on the issue of Macao's future will soon be held in Beijing, on 30 June. This is another important affair that attracts attention from everyone at home and abroad after the smooth settlement of the issue of Hong Kong's future.

People in all circles in Macao have long been preparing mentally for the holding of the talks on Macao's future. At present, public feeling in Macao is rather stable, and the atmosphere in society is calm. Most people are optimistic about the Sino-Portuguese talks which will soon begin. Of course, some people may also have various worries. This is not at all surprising.

The Chinese side has disclosed that after China resumes the exercise of sovereignty over Macao, China will handle the problems in Macao left over by history in light of the formula of "one country, two systems." The social and economic systems in Macao will remain unchanged; the existing laws and life style will basically remain unchanged; and a series of special policies will be adopted in accordance to Macao's special conditions.

At present, relations between China and Portugal are good. Both sides are sincere regarding maintaining Macao's stability and prosperity. When the two countries established diplomatic relations in 1979, they reached understanding and agreement on Macao's sovereignty, and there is no dispute over the issue of sovereignty. In addition, the successful settlement of the Hong Kong issue has set a precedent for the Sino-Portuguese talks, which are expected to encounter no major obstacles. A few days ago, Zhou Nan, head of the Chinese delegation to the Sino-Portuguese talks, optimistically predicted that the talks on Macao's future will make progress more smoothly than the Sino-British talks on the Hong Kong issue, and will be completed more quickly. At the same time, he also pointed out that Macao has its own special problems that Hong Kong does not have, so China and Portugal must seek a set of solutions through their talks.

People generally hold that the time for China to recover sovereignty over Macao and the issue concerning Macao residents of Portuguese origin and their nationality will be the major subjects to be dealt with in the Sino-Portuguese talks. In addition, the two sides will also discuss such issues as maintaining social stability, promoting economic development, localizing Macao's public servants popularizing both the Chinese and Portuguese languages, and making Chinese an official language.

People are glad to see that China and Portugal share the same objectives and are sincere in entering into their talks. It is believed that through frank and in-depth talks, they will conclude an agreement which is in the interests of both sides and which is gererally accepted by people in all circles in Macao.

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PRC DELEGATE ADDRESSES DISARMAMENT CONFERENCE

OW261642 Beijing XINHUA in English 1505 GMT 26 Jun 86

[Text] Geneva, June 26 (XINHUA) -- The superpowers should halt their tests, production and deployment of all types of nuclear weapons and drastically reduce such weapons before all countries concerned can sit down to discuss thorough nuclear disarmament, Fan Guoxiang, head of the Chinese delegation, said here today.

Speaking at the on-going Conference on Disarmament (CD), the Chinese delegate pointed out that the danger of a nuclear war comes mainly from the two superpowers, which not only possess 95 percent of the world's nuclear weapons and a nuclear "overkill capability" but are also intensifying their nuclear arms race.

The states possessing the largest nuclear arsenals have a special responsibility for nuclear disarmament, a principle that has not only been widely recognized by the international community, but has also begun to be acknowledged by the two superpowers themselves, Fan said.

The Chinese delegation called on the superpowers to put an immediate end to "the qualitative improvement and quantitative increase of their nuclear weapons and to the deployment of nuclear weapons in various regions," and to reduce all types of nuclear weapons, either deployed in Europe or in Asia, by a wide margin. "After the United Staes and the Soviet Union halt the test, production and deployment of all types of nuclear weapons and drastically reduce these weapons, a broadly representative international conference with the participation of all the nuclear-weapon states can be held to discuss measures for further nuclear disarmament and thorough destruction of nuclear weapons," he said.

As for measures to prevent a nuclear war before the realization of nuclear disarmament, Fan said, "China supports the reasonable demand by numerous non-nuclear weapon states over the years calling for the prohibition of the uses of nuclear weapons." He noted that from the very day that China possessed nuclear weapons, the country declared that at no time and under no circumstances would it be the first to use nuclear weapons, nor to use or threaten to use nuclear weapons against non-nuclear weapon states or nuclear-weapon-free zones.

"We have proposed that all nuclear weapon states undertake this obligation and on this basis an international convention should be concluded, ensuring the prohibition of the use of nuclear weapons," Fan said. Fan maintained that in addition to nuclear disarmament, conventional disarmament should also be given importance. Since the two superpowers and their allies possess the largest and most sophisticated conventional armaments, "it is only natural that they should take the lead in reducing substantially their conventional armaments, particularly their conventional offensive forces," he said. He also expressed China's opposition to any development, tests or deployment of space weapons in any form, saying that the outer space should be used exclusively for peaceful purposes and for the benefit of all mankind.

The Chinese delegate said that China is opposed to the arms race and will never take part in it. The small amount of nuclear weapons China possesses are exclusively for self-defence purposes and the country will never be the first to use the, nor engage in any nuclear proliferation, nor conduct atmospheric nuclear tests in the future, he added.

U.S.-SOVIET ARMS TALKS END WITHOUT PROGRESS

OW261727 Beijing XINHUA in English 1555 GMT 26 Jun 86

[Text] Geneva, June 26 (XINHUA) -- The 5th round of the U.S.-Soviet negotations on nuclear and space weapons ended here today after the two superpowers failed to reach any agreement. Before the U.S. and Soviet delegations met in the American mission here this morning, Soviet chief delegate Victor Karpov said that he has not perceived "any progress" in the current round of talks which started May 8.

During the past seven weeks, the Soviet delegation put forward several proposals on strategic, intermediate and space weapons reduction which have been rejected by the American side as "old offers in new wraps". However, when the Soviet Union proposed a package of arms reduction proposals in Jun 11 which would allow the research of outer space weapons in laboratories, U.S. President Ronald Reagan said it could be a "turning point" in the U.S.-Soviet relations. Nevertheless, Reagan insisted that the United States could not accept the proposals "without changes".

Informed sources said that a new round of arms talks may begin here on September 18.

The U.S. chief delegate, Max Kampelman, told reporters today that despite the "true, important and substantial differences" between the United States and the Soviet Union, there still exist "possibilities for serious and constructive discussions." He expressed the hope that the next round of talks will open ways for serious dialogues and lead to an agreement in certain aspects of arms control.

REAGAN STATEMENT WELCOMES SOVIET PROPOSALS

OW270728 Beijing XINHUA in English 0710 GMT 27 Jun 86

[Text] Washington, June 26 (XINHUA) -- U.S. President Ronald Reagan said in a statement today that the latest Soviet proposals mark the beginning of a serious Soviet effort to reach an arms control agreement. The statement was issued to mark the end of the fifth round of U.S.-Soviet arms control negotiations, which began in Geneva seven weeks ago. The next round will start on September 18 after a 12-week summer break.

Reagan said in the past two weeks Soviet negotiators at Geneva have tabled new proposals. "I am hopeful that these proposals signal the beginning of a serious Soviet effort to join with us in actually reducing offensive nuclear arms," the President said.

He said the United States is studying the Soviet proposals "very carefully to see how they might help to move us toward our goal of deep, equitable and verifiable arms cuts." "We know there is much hard bargaining ahead, but for our part, the United States is determined to do everything we can to achieve these deep reductions," he declared.

Meanwhile in Geneva today, Soviet chief negotiator, Viktor Karpov charged that the United States presented matters "in a distorted light" and continued "to block progress" in the negotiations. "There have been no changes in the position of the U.S. delegation that would lead to mutually acceptable agreements," he complained, according to reports reaching here.

XINHUA ON U.S. SEEKING MILITARY SUPERIORITY

OW270028 Beijing XINHUA Domestic Service in Chinese 0657 GMT 25 Jun 86

[Commentary by XINHUA reporter Mei Zhenmin: "U.S.-USSR Dispute Over the Strategic Arms Limitation Treaty"]

[Text] Beijing, 25 Jun (XINHUA) -- U.S. President Reagan declared on 27 may that because the Soviet Union has failed to observe the Strategic Arms Limitation Treaty [SALT II], the United States would no longer be bound by this treaty by the end of the year. Then, the Soviet Union warned that it would take "adequate, effective countermeasures," saying that it could not remain "unconcerned" over the U.S. action. The accord, which was signed in June 1979 after 300 talks over a period of 7 years, is now facing the danger of being abrogated.

Reviewing how this treaty was signed, we can see the changes in the relative nuclear strengths of the United States and the Soviet Union and their confrontation.

When Nixon visited the Soviet Union for the first time in July 1959 as vice president of the United States, U.S. nuclear strength was overwhelmingly superior to that of the Soviet Union by 10 to 1. Afterwards, the Soviet Union went all out to expand its military strength, taking advantage of the United States being bogged down in the Vietnam war. When Nixon visited the Soviet Union for the second time as U.S. President and signed the "provisional accord" of SALT I and the Antiballistic Missile Treaty with the Soviet Union in May 1972, the U.S. and Soviet nuclear strengths appeared to be the same. When President Carter and Brezhnev signed SALT II in Vienna in June 1979, the USSR had already exceeded the United States in strategic nuclear weapons launchers. According to official figures released by the two sides at that time, the Soviet Union had 2,504 launchers, and the United States had 2,283. The signing of the two accords indicated that the United States had already lost its nuclear superiority. Under such circumstances, the United States hoped to use the treaty to stop the growing nuclear strength of the Soviet Union which, after becoming equal to the United States in nuclear strength, also wanted to temporarily suspend its competition in quantity so as to concentrate on improving the quality of its nuclear weapons. Since both sides felt that the treaty would limit the other side in terms of quantity, but not quality, the deal was made.

After becoming the head of the White House in 1981, President Reagan decided to "restore national strength" and reverse the unfavorable situation in the arms race with the Soviet Union. In October of the same year after becoming President, he put forward plans to modernize U.S. strategic nuclear strength. Despite the staggering financial deficits, enormous military budgets were earmarked each year for the development and deployment of more advanced nuclear weapons. The current stage is one in which strategic nuclear weapons are being renewed.

According to a report by the U.S. Joint Chiefs of Staff on the military situation in fiscal 1987, "all types of weaponry, from strategic arms to individual arms for ground combat, are being renewed," and "the United States will continue to give top priority to the renewal of its strategic weaponry." In a long article entitled "The U.S. Defense Strategy" published in the spring issue of the FOREIGN AFFAIRS quarterly, U.S. Defense Secretary Weinberger stressed: "As a result of rebuilding U.S. military strength, the conditions for U.S.-Soviet relations will be redefined."

As the Reagan administration sees it, the United States has now extricated itself from the "Quite unfavorable situation of weakness" during the 1970's and has regained its "status of relatively powerful strength." The Reagan government's declaration that it will abrogate SALT II precisely proceeds from its need to seek military superiority and its intention to "redefine U.S.-USSR relations."

While the United States worked hard to modernize its strategic nuclear strength, the Soviet Union also proceeded to renew its strategic nuclear weapons. Reagan declared his intention to abrogate the treaty mainly because, following the deployment of SS-25 ICBMs, the Soviet Union developed a new generation strategic offensive weapon, the SS-24 mobile ICBM, and violated the treaty in various other areas. However, according to U.S. papers, this was just a superficial reason. In actuality, the Reagan administration wanted to use this reason to press the Soviets to make substantial concessions at the Geneva disarmament talks. From a longer perspective, the U.S. strategic scheme is to hinder the Soviet Union with an even more gigantic nuclear arms race so as to deplete the USSR's financial and material resources, rendering it incapable of achieving its "accelerated development strategy" to expedite its economic, scientific, and technological development.

The Reagan administration's decision to abrogate the aforesaid treaty has caused concern and opposition from its allies and the U.S. people. During a recent meeting of NATO foreign ministers, the United States' Western European allies all strongly opposed abrogating the treaty. Many U.S. congressmen have openly stated that the treaty should be sustained. The house also adopted a resolution urging the Reagan administration to continue to abide by the treaty. Owing to this, some U.S. papers and journals have predicted that the Reagan administration will have trouble during the midterm election in November. Amid the voices of opposition at home and abroad, the U.S. Government itself has also showed differences and disconcerted steps. After the White House spokesman stated on 12 June that the treaty "no longer exists," Secretary of State Shultz made a denial the next day. After Gorbachev proposed on 16 June that as long as the United States agreed to abide by the Anti-Ballistic Missile Treaty for 15 years, the USSR would agree to cut the number of strategic nuclear weapons, Secretary of Defense Weinberger immediately rejected the proposal. However, in a speech at Glassboro on 19 June, Reagan praised the proposal, saying that the Soviet Union has "begun to make a serious effort," that "it could represent a turning point" in the arms-control talks, and that "this can be an opportunity for improving U.S.-Soviet relations."

Meanwhile, both the USSR and the United States have not slammed the door on a second summit. As the international situation continues to change, the relations between the United States and the Soviet Union will also be marked by frequent tension and relaxation according to their strategic and tactical needs. At any rate, the international community does not want to see a deterioration of the situation.

INTERNATIONAL ATOMIC ENERGY CONFERENCE PLANNED

OW240614 Beijing XINHUA in English 0148 GMT 24 Jun 86

[Text] Bonn, June 23 (XINHUA) -- The International Conference on Atomic Energy, scheduled for September in Vienna, will focus on security measures such as early warning accident systems. Chancellor of Federal Germany Helmut Kohl and Minister of Foreign Affairs Hans-Dietrich Genscher today discussed the focus of the conference with Director-General of the International Atomic Energy Agency Hans Blix. Genscher said it was important that the international conference should achieve specific results.

After the Chernobyl accident in Soviet Union on April 26, Kohl wrote to over 30 countries which already have or are planning to put up nuclear stations, suggesting that an international conference be held. So far most of the invited countries have accepted and the conference will be held from September 24 to 26.

Blix, who is on a two-day visit to Bonn, is scheduled to meet Federal Minister of Environment Walter Wallmann, a former mayor of Frankfurt.

PRC MAKES 'GREAT DEVELOPMENT' IN FOREIGN TRADE

HK270617 Beijing GUOJI SHANGBAO in Chinese 16 Jun 86 p 2

[Report: "Import and Export Trade Made Great Development in the Sixth 5-Year Plan Period" — capitalized passages published in boldface]

[Text] Our reporter has learned from the General Administration of Customs that along with the implementation of the policy of opening up to the outside world and enlivening the domestic economy, China made great development in foreign trade during the Sixth 5-Year Plan period.

1. The TOTAL IMPORT AND EXPORT VOLUME INCREASED BY MORE THAN 100 PERCENT. China's import and export volume amounted to $252.4 billion in the Sixth 5-Year Plan period, an increase of 120 percent over the total volume of $116 billion in the Fifth 5-Year Plan period. The import volume amounted to $1132.4 billion, an increase of 121 percent; and the total export volume amounted to $120 billion, an increase of 113 percent. The trade deficit was $12.4 billion.

2. GREATER CHANGES HAVE TAKEN PLACE IN THE COMPOSITION OF IMPORTS AND EXPORTS. The export of finished industrial products has increased rapidly. The export volume of finished industrial products in the Sixth 5-Year Plan amounted to $64.3 billion, an increase of 150 percent. Its proportion of the total export volume increased from 46 percent in the Fifth 5-Year Plan to 54 percent. The export volume of heavy industrial products amounted to $17.7 billion, an increase of 270 percent; the export of chemical products amounted to $4.8 billion an increase of 190 percent; and the export of light industrial and textile products amounted to $41.8 billion, an increase of 110 percent. The export volume of elementary products in the Sixth 5-Year Plan amounted to $55.7 billion, an increase of 85 percent, but its proportion of the total export volume decreased from 54 percent in the Fifth 5-Year Plan period to 46 percent. Of the elementary products, the export volume of foodstuffs amounted to $17.2 billion, an increase of 47 percent; the export volume of industrial raw materials amounted to $9.6 billion, an increase of 28 percent; and the export volume of mineral products and fuel amounted to $28.4 billion, an increase of 170 percent. In the field of import, as a result of a series of reforms in the rural economic structure, the output of grain, cotton, and other crops has increased, leading to a decrease in the import volume of cotton and grain year by year. A gratifying situation of export volume exceeding import volume appeared in 1985.

3. CHINA HAS STRENGTHENED TRADE RELATIONS WITH ALL COUNTRIES. During the Sixth 5-Year Plan period, China further developed trade with developing countries; expanded trade with developed countries such as Japan, the United States, and the European Community; and made some development in trade with the Soviet Union and East European countries.

(1) China's import and export volume with developing countries amounted to $54.7 billion, an increase of 100 percent. This volume accounted for 22 percent of China's total import and export volume. Of the figure, $22 billion was for import, and $32.7 was for export.

(2) China's import and export volume with developed countries amounted to $143.8 billion, an increase of 120 percent. This volume accounted for 57 percent of China's total import and export volume. Of the figure, the import volume amounted to $92.9 billion, and the export volume amounted to $50.9 billion. China's imports from Japan amounted to $39.3 billion, and exports to Japan amounted to $25.9 billion. China's imports from the United States amounted to $21 billion, and exports to the United States amounted to $9.7 billion. China's imports from the European Community amounted to $16.9 billion, and exports to the European Community amounted to $11.6 billion.

(3) China's import and export volume with the Soviet Union and East European countries amount to $9.7 billion, an increase of 432 percent. Of the figure, $5.3 billion was for import, and $4.4 billion was for export.

(4) China's import and export volume with Hong Kong and Macao amounted to $4.2 billion, an increase of 180 percent. This volume accounted for 18 percent of China's total import and export volume. Of the figure, $12.2 billion was for import, and $32 billion was for export.

TIAN JIYUN ADDRESSES WORLD INSURANCE MEETING

OW241237 Beijing XINHUA in English 1122 GMT 24 Jun 86

[Text] Beijing, June 24 (XINHUA) — More than 300 insurance representatives from 49 countries and regions gathered here today to attend two Third-World insurance meetings which opened simultaneously. In his opening speech, Chinese Vice-Premier Tian Jiyun said that the two meetings — the Third World Insurance Congress (TWIC) and the meeting of the Association of Insurance Supervisory Authorities of Developing Countries (AISADC) — would contribute greatly to cooperation in Third World countries' insurance business. China welcomed cooperation between Chinese and international insurance bodies, which was beneficial to the development of South-South cooperation, South-North dialogue and the establishment of a new international economic order.

Representatives will discuss which topics as life insurance, crop insurance, reinsurance, insurance finance and the theme, "insurance management in a period of crisis", during the meetings, which both last four days, said Cheng Wanzhu, chairman of the fifth TWIC general meeting.

Cheng, vice-president of the People's Insurance Company of China, said at the opening ceremony that there were bright prospects for the development of national insurance in developing countries. He said that while relying mainly on domestic efforts, these countries also welcomed friendly co-operation with other foreign insurance companies in the fields of international reinsurance, information, personnel training and technology. The previous four sessions of TWIC were held in the Philippines, Argentina, Kenya and Morocco, and the past two meetings of the AISADC were held in the Philippines and Morocco. The two bodies will now meet every two years at the same venue.

BEIJING REVIEW ON U.S.-SOVIET ARMS RACE

OW241155 Beijing BEIJING REVIEW in English 23 Jun 86 p 10

[Commentary by news analyst Peng Di -- Arms Race Still on Grueling Course]

[Text] U.S.-Soviet relations over the past 6 months have been characterized by the usual arms race stalemate in arms reduction talks and regional contests. Despite worldwide pleas to curb the escalating arms race between the two superpowers, neither side is ready to relinquish superiority in the name of sensibility.

The U.S. government recently proposed a military budget of U.S.$311.6 billion for fiscal year 1987, an increase of 8.2 percent over 1986. Its programme for the development of new strategic weapons includes turning out and deploying more MX missiles; stepping up research and production of miniature intercontinental missiles; building the 14th Trident submarine and advanced submarine-based missiles and conducting further research on "invisible" bombers capable of shunning radar pursuit.

Since Washington thinks the Soviet Union exceeds the United States in chemical weapons by a ratio of 10:1, it has resolved to resume its production, which was halted 17 years ago. Conventional weapons also will be renovated. And U.S. President Ronald Reagan's pet project the Strategic Defense Initiative (SDI) will absorb U.S.$4.8 billion of the defense budget in 1987, compared with this year's U.S.$2.7 billion.

Moscow does not intend to lag behind in its arms stockade. "With highly destructive SS-25S -- the fifth-generation of USSR-made intercontinental missiles in the process of deployment -- and the highly accurate SS-18S -- the fourth generation of intercontinental missiles near the end of deployment, the Soviet Union is working on SS-X-24 mobile intercontinental missiles which directing more efforts towards the production of SS-20 medium-range missiles and a new type of SU-27 aircraft. Moreover, thousands of Soviet scientists and engineers are occupied with the research of laser technology capable of missile interception.

The Kremlin has been more active on the issue of disarmament. It is quite outspoken in its call for arms control with a series of highly publicized arms reduction plans. The Soviets introduced in January a long-term programme for the elimination of nuclear arms in stages. Twice, in April and June, they put out proposals for the reduction of conventional weapons and forces in Europe. And they made repeated calls for a mutual end to nuclear testing.

Unable to compete with Moscow in this respect, the White House has been more reticent. It has, nonetheless, called for separating the issue of strategic weapons from medium-ranged ones, while urging for a link in the reduction of weapons in Europe and Asia, maintaining that the Soviet Union has the upper hand in Asia. It also feels that there is a real danger that the United States will be behind its rival in both offensive and strategic defensive weapons. Therefore, ignoring the Soviet calls for a halt to nuclear testing, the United States goes on.

Debate over regional issues between the two superpowers has grown intense.

In the name of anti-terrorism the United States launched a military attack upon Libya and posed threats against Syria as a warning signal to the Middle East.

Equally active in the region, the Soviet Union has provided weapons to some Arab countries, while increasing contact with the Gulf nations and promoting a reconciliation between different factions within the Palestine Liberation Organization. It also has called for an international conference on the Middle East in order to further its influence in the region and contend with the United States.

In Central America, apart from offering military aid to the contras in Nicaragua, the White House has also employed diplomatic means to pressure the ruling government to change course so as to restrict or diminish Soviet influence in the country.

Moscow has been concentrating on its economic problems at home while talking profusely about disarmament internationally. In regional rivalry, it continues to hold fast to its spheres of influence. Far from giving in, it is ready to expand wherever there is an opportunity.

Afghanistan is a case in point. Dissatisfied with mere military assaults on the resistance forces, the Soviets have replaced Karmal with Muhammad Najibullah as leader of the People's Democratic Party. They have also stepped up their pressure against Pakistan. As the United States has repeatedly claimed, the Soviet expedition in Afghanistan has been motivated by the rich Gulf oil fields to which Afghanistan is the pathway.

In southeast Asia, while offering continuous support to Vietnam's attempt to control Kampuchea, Moscow has turned down the 8-point peace proposal by the Coalition Government of Democratic Kampuchea. This has made it more obvious that the Soviet interest lies in expansion in the South Pacific area.

LIAOWANG ON U.S.-SOVIET DISPUTE OVER SALT II

HK250918 Beijing LIAOWANG in Chinese No 24, 16 Jun 86 p 5

[Special dispatch from Washington by LIAOWANG contributing reporter Shi Lujia: "Reagan's Decision Has Caused a Great Disturbance"]

[Text] U.S. President Ronald Reagan announced on 27 May that since the Soviet Union had frequently violated the Strategic Arms Limitation Treaty (SALT II), the United States would not be bound by the treaty later this year. The Soviet Union reacted strongly to this decision. Some West European NATO allies expressed opposition or had reservations. Consequently, a rigorous trial lay ahead for U.S.-Soviet relations and U.S.-European relations.

SALT II was signed by the late Soviet leader Leonid Brezhnev and former U.S. President Jimmy Carter in Vienna in 1979 after 8 years of negotiations. After the Soviet Union invaded Afghanistan, the U.S. Senate refused to ratify the treaty. Although the treaty was "fundamentally flawed" and not ratified, the position of the Reagan administration was that the United States would comply with it so long as the Soviet Union does so. The United States reiterated this position at the expiration of the treaty at the end of last year.

When making the new announcement, Reagan decided to replace two old nuclear submarines with a new Trident with nuclear warhead missile launchers so as to keep the United States within the limits of SALT II. He said that the policy would not be effected for the time being, and whether the United States would adhere to the treaty depended on Soviet behavior in the following months. He urged the Soviet Union to stop violations of the treaty, reduce the pace of its arms expansion, and show sincerity at the Geneva nuclear disarmament talks. If the Soviet Union takes these "constructive steps," Reagan said that he would reconsider the decision already made. Even though the treaty is abrogated, he said, provided the Soviet Union is willing to exercise "mutual restraint," the number of strategic nuclear weapons deployed by the United States in the future will not exceed that of the Soviet Union.

The reaction from the Soviet Union was stern. In a 28 May commentary, the Soviet news agency TASS denied any violation and said that Reagan's assertions were groundless. The commentary also charged the United States with harboring a scheme to ensure a unilateral military advantage and said that the Soviet Union would take necessary countermeasures to engage in arms expansion. A few days later, Moscow warned in a sharply worded statement that the Soviet Union would no longer be bound by the two SALT treaties and would take "necessary measures to prevent the strategic equilibrium from being damaged" once Reagan put his 27 May decision into effect. Soviet leaders also asked West European countries to persuade Reagan to reconsider his decision. During these days, Soviet officials emphasized time and again that the upcoming Soviet-U.S. summit would be jeopardized and there would be an "adverse influence" on the Geneva nuclear disarmament talks so long as Washington maintained its hard stand against SALT II.

Following the U.S.-Soviet Geneva summit in November last year, the relations between the two countries seemed relaxed. In the first half of this year, however, both sides engaged in fierce wrangling on a series of issues. Although the Geneva nuclear disarmament talks have reached the fifth round since their resumption in March last year, no substantial progress has been made so far. Both sides have insisted on their respective positions and blamed the other for having no sincerity. Moscow announced on several occasions that it would make sustained efforts to unilaterally halt its nuclear tests and asked Washington to undertake the commitment, and also proposed a summit held as quickly possible on the issue, but Washington refused the offer. The Soviet Union cancelled the meeting of foreign ministers of the two big powers to be held in Washington in May this year, and has not yet decided on a new date because it asserted that the U.S. attack on Libya was "deliberately aimed at intensifying Soviet-U.S. relations." Both the United States and the Soviet Union hope that the second summit can be held within the year, but no agreement has been reached because the positions of both sides are poles apart. Public opinion in the West holds that the new quarrel on SALT II provoked under such circumstances will undoubtedly impair the trend of relaxation and further intensify the relations between the two countries.

Proceeding from their own interests and security, the West European countries require U.S. nuclear protection, but also fear that the vigorous arms expansion of the United States will stimulate the Soviet Union to engage in a new round of the arms race, which could result in a threat to Europe. For this reason, they hope that the United States and the Soviet Union can reach an agreement on maintaining a relatively strategic equilibrium. Although the West European countries are not satisfied with the nuclear arms limitation treaties concluded between the two big powers over the past decade or so, they believe that the treaties concluded are better than nothing at all.

Owing to pressure from U.S. allies and differences within his administration, Reagan did not hastily abrogate SALT II, which he opposed repeatedly during the presidential elections. The fact that Reagan suddenly changed his position has shocked the West European countries. At the conference of NATO foreign ministers held recently in Canada, the foreign ministers of U.S. allies unanimously requested the United States to reconsider the decision. The British Government, which holds identical views with the United States on many international issues, also issued a statement expressing regret over the decision.

The West European countries also expressed dissatisfaction with the United States for not consulting them before making the decision. They pointed out: Despite opposition from the majority of its allies, the United States attacked Libya in April. Now the United States has again ignored their consistent position and has taken this drastic action that involves the relations between East and West as a whole. This shows how far the United States has gone in acting willfully, regardless of its allies. In connection with the recent disputes between the United States and Europe in trade and other issues, some U.S. newspapers fear that Europe will further fall away from the United States in the days to come.

In view of Soviet counterattacks and criticism from Western Europe, U.S. Government officials came out one after another to explain that Reagan's new position is aimed at urging both the Soviet Union and the United States to exercise "mutual restraint," thus reaching a new agreement on sharply reducing nuclear arms. They also reminded people to take note of Reagan's promise that the number of nuclear weapons deployed by the United States in the future will not exceed that of the Soviet Union. Nevertheless, it seems that these explanations cannot quell the great disturbance.

JINGJI RIBAO ON PRC AID TO THIRD WORLD

HK191426 Beijing JINGJI RIBAO in Chinese 9 Jun 86 p 2

[Article by Li Wanming of the Foreign Aid Bureau of the Ministry of Foreign Economic Relations and Trade: "China Creates a New Situation in Giving Economic and Technical Aid to Foreign Countries"]

[Text] During the Sixth 5-year Plan period, the amount of money gained from contracted projects in foreign countries and sending labor abroad increased at an average rate of 60 percent a year. In the plan period, China signed contracts worth $483,000 [as published], of which, contracts worth $2.4 billion or more were completed, and the grand total of workers sent abroad under labor contracts amounted to 170,000.

In the last 5 years, China has followed the principle of suiting the task to one's capacity in giving economic and technical aid to foreign countries and in developing relations with them. While continuing to give aid to existing recipient countries, China also established new relationships of economic aid with an additional 17 countries. Besides the existing construction projects, China also undertook 83 new economic aid projects. The construction of 174 projects has been completed. The projects covered many areas, such as agriculture, animal husbandry, fishery, light and textile industries, public and civil building industries, water resources and electric power, culture, education public health, broadcasting communications, communications and transportation, geological prospecting, chemical industry, grain processing, and handicraft art.

They included a project to harness the Gold River in Sri Lanka; the Morogora Provincial Agrotechnology Popularization Center in Tanzania; the Mai Re Er De [7796 3583 1422 1795] -- Being Jiao [1514 6037] Canal in Tunisia; the Pokhara Irrigation Project in Nepal; the Rui Dong [3843 3159] Textile Mill in Burma; a sugar refinery in Sierra Lione; the Bo La Shi [3134 2139 0087] Urea Fertilizer Plant in Bangladesh, the Mu Jie Lei [4476 2638 7191] Hydroelectric Station in Burundi; the well-drilling project in Koudougou Region, Burkina Faso; the People's Palace in the Congo; the Friendship Stadium in Senegal; The College of Political Science in Somalia; the Ka Song Guo [0595 2646 2654] Hospital in Guinea-Bissau; the Xie Ha Er [6200 0761 1422] -- Saihut Highway in Democratic Yeme; and the Mu La Lan Jia [2606 5198 5695 0502] -- and De La Nu Nan Bang Gu [2491 1795 2139 0505 0589 1620 0657] Highway in Madagascar. All these relatively large projects have been completed through many years of hard work.

In the last 5 years, China has sent about 30,000 people to carry out the task of giving economic and technical assistance to foreign countries. At the end of 1985, the number of people sent abroad to carry out the tasks totaled 6,448.

In accordance with the set agreements, China has dispatched group after group of medical teams, at different times, to prevent and cure diseases of people in Third World countries. At the end of 1985, more than 1,200 Chinese medical workers continued to work in 92 medical centers in 42 countries and regions.

In the last 5 years, the management system and forms of aid in China's foreign economic and technical aid work have been reformed and gratifying achievements scored in this regard.

1. A contract responsibility system has been comprehensively implemented in the management of economic aid projects. At home, public bidding or negotiated bidding has been introduced and, abroad, construction projects are undertaken at the prices set in the contracts. The projects put under the contract responsibility system have been expanded from the existing construction of civil engineering projects alone, to project investigation, design, overhaul, and technological cooperation. Contractors are asked to undertake all these tasks under a contract system. With the introduction of public bidding or negotiated bidding, not only can we select contractors using comprehensive assessment indices, such as construction period, building costs, technology, and managerial expertise, but we can also gain better economic results. The introduction of a contract responsibility system in managing economic aid projects is a good, effective method by which we can bring the enthusiasm of the contractors and personnel engaged in foreign-aid work into play, tighten control over projects, and quicken the construction pace of projects. The year 1985, when the contract responsibility system was introduced, witnessed the largest number of contracts signed and the largest amount of money earned from contracts. There were 92 contracts in all. Of these, prospecting and designing projects numbered 31, construction projects 23, overhaul projects 5, and technological cooperation and other projects 8. [figures as published]

2. By acting on the four principles of equality and mutual benefit, stress on practical results, diversity of forms, and common progress, which were put forward by Premier Zhao Ziyang, China has carried out economic and technological cooperation in many forms, thus opening up a new preliminary situation of mutual benefit and cooperation. Over the last few years, our cooperation in production and management with countries, such as Sierra Lione, Mali, Rwanda, Zambia, and Zaire, has made encouraging progress. For example, after Zambia's Mu Long Gu Xi [4476 7127 0657 1585] Textile Mill (with 25,000 spindles, 720 looms, and appropriate printing and dying equipment) was completed and transferred in 1983, the mill suffered losses in operation due to mismanagement. In 1984, at the invitation of the authorities concerned, Chinese specialists held the mill's important posts of general manager, chief accountant, and chief engineer. Since then, the situation in the mill has rapidly changed, production steadily increased, and the mill gained profits every month. According to statistics, by July 1985, within 2 years, apart from recovering an investment totaling 12 million kwachas on the Zambian side in building the mill, the mill had gained a profit of 3 million kwachas (1 kwacha is equal to approximately $0.42). In Mali, a leather factory was on the brink of bankruptcy prior to the cooperation scheme but 3 months after the "cooperation in production," production began to take off and the factory netted a profit of nearly 200,000 yuan in renminbi in 6 months. A pharmaceutical factory incurred losses in operation prior to the cooperation scheme due to the overstocking of products. In 1984, China sent specialists by invitation, to take up the factory's important posts, such as general manager. Both sides "cooperated with each other in management." The factory gained a profit of 1.3 million yuan in renminbi within 12 months.

Practice has proved that it is possible for China to carry out multiforms of economic cooperation with numerous Third World countries on the basis of mutual benefit and the road toward this goal is wide. Through cooperation based on mutual benefit, both sides can achieve common progress. This will play a positive role in strengthening South-South cooperation and expediting our country's four modernizations program.

The year 1986 is the first year of the implementation of the Seventh 5-Year Plan for China's socialist economic construction. We will still adhere to the principle of suiting the task to one's capacity and continue to undertake 252 economic-aid projects for 67 recipient countries. They include 33 projects started from scratch, 65 continuation projects, and 155 preparation, winding-up, and technological cooperation projects. Forty projects are planned for completion in 1986.

During the Seventh 5-Year Plan period, by acting on the principles of "equality and mutual benefit, stress on practical results, diversity of forms, and common progress," we will further readjust the structure of foreign aid work, reform aid forms, tighten control over the work, continue to do a good job of the work, and strive to achieve better results in giving aid to foreign countries using our limited foreign aid funds. To promote friendship with the people of the Third World countries, we will create a new situation in our work in giving economic and technical aid to foreign countries and make due contributions in this regard.

UNITED STATES

ZHU QIZHEN MEETS U.S. VICE PRESIDENT

OW270706 Beijing XINHUA in English 0701 GMT 27 Jun 86

[Text] Washington, June 26 (XINHUA) -- U.S. Vice President George Bush met this morning with visiting Chinese Vice Foreign Minister Zhu Qizhen to discuss international and bilateral issues. Bush told the Chinese guest that the U.S. Government attaches great importance to Sino-American relations. He also expressed the determination of his government to abide by the three "joint communiques" signed between the two countries in 1972, 1979 and 1982. Bush expressed the conviction that no political wind in the years to come will affect the importance attached by the U.S. Government to the Sino-American relations. Invited by Michael Armacost, under secretary of state for political affairs, Zhu Qizhen arrived in Washington Tuesday for political consultations. During their talks yesterday, Zhu and Armacost exchanged views on bilateral issues as well as a number of international matters of mutual interest.

ULANHU MEETS U.S. CHILDREN'S DELEGATION

OW241405 Beijing XINHUA in English 1341 GMT 24 Jun 86

[Text] Beijing, June 24 (XINHUA) -- Chinese Vice-President Ulanhu met with a delegation known as Children as Teachers of Peace from the United States led by Dr. Gerald Jampolsky, here this afternoon. The delegation consists of 17 children aged from nine to 16. Ulanhu extended his welcome to them. He said, educating children to love peace and oppose war would lay a solid foundation for peace. He said the Chinese Government and children are working to safeguard peace and are against war. As the enemy of the human beings war can only bring poverty, starvation and damage to mankind, and especially women and children suffer the most in war, he noted.

The Chinese vice-president told the visitors, "During the Second World War, China had 50 million people killed, so we are fully aware that peace is hard-won and hope our later generations will live in a peaceful and happy environment for ever." Ulanhu said 1986 is the International Year of Peace and China has actively responded to the call of the United Nations by demobilizing a million soldiers. He wished people all over the world would work together to achieve world peace.

Later, the 17 children gathered around the vice-president and had a cordial chat. A nine-year-old girl said that when they grew up they would oppose war and safeguard peace. They also had a picture taken together. The delegation will leave Beijing for Shanghai tomorrow.

DENG YINGCHAO MEETS U.S. PROFESSOR 20 JUNE

OW201220 Beijing XINHUA in English 1025 GMT 20 Jun 86

[Text] Beijing, June 20 (XINHUA) -- Deng Yingchao, chairman of the National Committee of the Chinese People's Political Consultative Conference had a very cordial conversation here today with Yu-hsiu Ku, emeritus professor of the University of Pennsylvania of the United States, and his wife. Ku is former vice-minister of education of the Kuomintang government and president of the Central University and Jiaotung University. This is his fourth visit to China since 1973. He met many Chinese leaders on his previous trips, including the late Premier Zhou Enlai, the late Liao Chengzhi, and Deng Xiaoping. Ku came to China May 29 to attend the 90th anniversary of the founding of Jiaotung University and give lectures.

SOVIET ARMS PROPOSAL A NOTEWORTHY 'INTERIM AGREEMENT'

OW261017 Beijing XINHUA Domestic Service in Chinese 1456 GMT 24 Jun 86

[Text] Moscow, 24 Jun (XINHUA) -- News Analysis: A Noteworthy "Interim Agreement"

[By] XINHUA reporter Tang Xiushan

Because the Soviet-U.S. disarmament talks in Geneva had been at a standstill for a long time, the Soviet Union recently proposed an "interim agreement," which Soviet leader Gorbachev described as a new step taken by the Soviet Union to reach a mutually acceptable agreement at the Geneva talks. Initially the proposal differs from previous Soviet proposals in the following three noteworthy points:

First, the Soviet Union has changed its previous staunch position of diametrically opposing the United States' "Strategic Defense Initiative [SDI]", and began to recognize its existence and agree to a star wars program limited to laboratory research, that is, to a program limited to the level the United States has already reached. At the same time, the Soviet Union has proposed that both sides agree not to withdraw from the treaty limiting antiballistic guided missile defense systems for a period of at least 15 years. In view of the treaty's stipulation that both sides not set up nationwide antiballistic guided missile defense systems, the proposal actually demands that the United States not deploy space strike weapons for the next 15 years.

Second, prior to this proposal, the Soviet Union had proposed that both sides reduce their offensive strategic weapons by 50 percent during a period of between 5 to 8 years. Now, the Soviet Union has lowered its demand by proposing that both sides limit their offensive strategic weapons to equal ceilings. The so-called "equal ceilings" means having a flexible quota, and demands only "equal" limitation. It is said that the Soviet side has already proposed a 30-percent reduction, thus cutting the scale and slowing down the pace of the reduction.

Third, in the past, the Soviet Union emphasized that the reduction of offensive strategic weapons has "possibly only under the condition that both the Soviet and U.S. sides refuse to manufacture, test, and deploy space strike weapons." However, as far as the reduction of offensive strategic weapons is concerned, the "interim agreement" does not include the precondition of tying the reduction to space arms, and actually agrees that these two issues can be solved separately.

Judging from the "interim agreement," although the Soviet Union has somewhat changed its position and lowered its demands, the proposal for "equal ceilings" does not mean allowing the United States to gain extra advantage. In a nutshell, the Soviet Union absolutely does not allow the United States to gain military supremacy, and the Soviet stand of preventing the United States from getting a head start in deploying space weapons remains basically unchanged.

After the Soviet Union made the latest proposal at the Geneva talks, Regan, who had consistently refused downright any Soviet proposal for disarmament, made a certain positive appraisal of the latest Soviet proposal in a recent speech at Glassboro. He said: This is a beginning of serious efforts by the Soviet side to reduce nuclear weapons, and may become a turning point in the Soviet-U.S. nuclear arms talks. What he appreciated was primarily the point that the Soviet Union no longer demanded that he gave up "SDI" and did not insist that abandoning space arms be a precondition for the reduction of strategic weapons. However, Reagan added, without amendments, the latest Soviet proposal would be unacceptable to the United States.

It seems that the United States has somewhat shifted its position. However, it is not an easy task to reach an accord because the disarmament talks, which are an extremely complicated issue, involve the vital interests of both sides.

GORBACHEV SEEKS ARMS TALKS PROGRESS BEFORE SUMMIT

OW251829 Beijing XINHUA in English 1755 GMT 25 Jun 86

[Text] Washington, June 25 (XINHUA) -- Soviet leader Mikhail Gorbachev still insists that a second summit meeting with U.S. President Ronald Reagan must be proceeded by "concrete achievements" in arms control talks, THE NEW YORK TIMES reported today, quoting government officials.

The point was contained in Gorbachev's letter to Reagan presented on Monday by new Soviet Ambassador to Washington Yuri Dubinin, the officials said. According to these officials, Gorbachev told Regan that a meeting this year would make no sense without "concrete achievements" on nuclear arms control. He indicated that he would examine the progress in Geneva arms control talks as a basis for judging prospects for a second summit meeting.

A senior White House official told reporters Tuesday that Gorbachev discussed in the letter "the ways that we proceed toward a summit" but that "no specific dates were discussed for either a Shultz-Shevardnadze or a Reagan-Gorbachev meeting."

The letter was seen here as a Soviet effort to keep pressure on the United States to respond to the latest Soviet arms control proposal which essentially calls for limits on nuclear testing and a ban on the deployment of space-based missile defense systems in return for substantial reductions in offensive nuclear weapons. However, the officials described the tone of the letter as "positive" and "practical." They said that although the Soviet leader still seeks progress in arms talks before summit, he also carefully avoided making this a precondition for a meeting. "We are still optimistic about having a summit this year," White House Chief of Staff Donald Regan told National Broadcasting Corporation Tuesday. "The general secretary (Gorbachev) did agree in Geneva to come this year to the United States and we still think he will come," he said.

GORBACHEV ACCUSES WEST OF INTENSIFYING ARMS RACE

OW260046 Beijing XINHUA in English 0016 GMT 26 Jun 86

[Text] Moscow, June 25 (XINHUA) -- Soviet leader Mikhail Gorbachev today charged that certain groups in the West are trying their utmost to frustrate the Soviet Union's economic program by intensifying the arms race and worsening international relations. He said one of the obstacles to security in Europe and the world has been the lack of political will on the part of the West to pull the arms race out of the extremely dangerous and unpredictable whirlpool. Worse still, Gorbachev said, is that some influential circles in Washington are deliberately trying to drag the arms race into such a whirlpool.

Gorbachev made the accusation today when he met with Prime Minister Johannes Rao, of Federal Germany's north Rhine-Westphalia. Rao arrived Tuesday to open his state's trade and industrial exhibition in Moscow. The two men also discussed the possibilities of expanding economic relations between the two countries, but the Soviet media didn't give further details.

KOREAN-CHINESE SIDE CONDEMNS U.S.-ROK ACTS

OW261112 Beijing XINHUA in English 1100 GMT 26 Jun 86

[Text] Pyongyang, June 26 (XINHUA) -- A security officer of the Korean-Chinese side of the Korean Military Armistice Commission has strongly condemned U.S. and South Korean soldiers for violating the armistice agreement in the joint security area in Panmunjom.

According to the KOREAN CENTRAL NEWS AGENCY today, the condemnation was made at a meeting of security officers of the Korean Military Armistice Commission, which was proposed by the Korean-Chinese side.

The security officer of the Korean-Chinese side said that the U.S. side has often allowed extra persons, even with machineguns, to enter the joint security area. This is against the armistice agreement signed in 1953, he said. The officer was quoted as saying that the provocations to the Korean-Chinese side, which have amounted to more than 220 times since the beginning of 1986, "have increased the tension in the area."

DPRK AMBASSADOR TO PRC ON TRIPARTITE TALKS PROPOSAL

HK260903 Beijing RENMIN RIBAO in Chinese 25 Jun 86 p 4

[Dispatch by reporter Zhou Bizhong: "Korean Ambassador to China Gives Press Conference"]

[Text] Korean Ambassador to China Sin In-ha held a press conference on 24 June to mark the occasion of the "25 June-27 July Month of the Anti-U.S. Joint struggle."

Ambassador Sin In-ha pointed out that 33 years have elapsed since the conclusion of the Korean ceasefire agreement. In accordance with the principle of independent and peaceful reunification of the motherland put forward by President Kim Il-sung, the Korean party and government have made earnest and sincere efforts to turn ceasefire into peace consolidation and peacefully realize national reunification. Sin In-ha said that Korea's recent proposal on holding tripartite talks has enlisted support of the peace-loving people of all countries. Last year, Korea also proposed talks between the national assemblies of the North and South and initiated Red Cross and economic talks between the North and South. However, conversation between the North and South has been interrupted due to the tense situation aggravated by the United States and the South Korean authorities.

In order to ease the tense situation and the North-South military confrontation and create a peaceful atmosphere, Sin In-ha continued, the Supreme Headquarters of the Korean People's Army released a communique on 17 June proposing a tripartite conference held between the military authorities of North Korea, the United States, and South Korea, and handed over a letter on specific details of the propsal to the respective parties. Lastly, Sin In-ha called on the U.S. and South Korean authorities to respond sincerely to the proposal made by North Korea on holding tripartite talks and a conference of military authorities from the three sides.

ASEAN MINISTERIAL MEETING ISSUES COMMUNIQUE

HK261001 Beijing International Service in Tagalog 1130 GMT 25 Jun 86

[Text] In Manila, the 19th annual ministerial meeting of the Association of Southeast Asian Nationa [ASEAN] ended yesterday afternoon. A joint communique was signed by the ASEAN foreign ministers reiterating support for the 8-point proposal of the Coalition Government of Democratic Kampuchea [CGKD]. At the same time, it called for the withdrawal of Vietnamese troops from Cambodia and self-determination for the Cambodian nation. The communique stated that ASEAN will continue it support for the struggle led by the CGDK against foreign aggresssion and occupation.

The Cambodian issue was the main topic of the 2-day meeting. Delegates to the meeting pointed out that Vietnamese occupation of Cambodia poses a threat to the peace and stability of Southeast Asia. [passage indistinct] The delegates condemned the intransigent attitude of Vietnam in rejecting the eight-point proposal and declared its support for the CGDK. They also expressed determination to seek a political settlement to the issue.

The delegates appealed for closer economic cooperation in the region and demanded that the developed countries dissolve protectionist policies. They also urged member-states of ASEAN to make new efforts to spur the region's economy. The six nations also signed two agreements on energy cooperation and on ASEAN petroleum security with the hope that these will help bring about closer cooperation in the field of energy for the region.

PRC-BURMA BORDER INSPECTION PROTOCOL SIGNED

BK250909 Beijing International Service in Burmese 1130 GMT 25 Jun 86

[Text] Chief representatives of the China-Burma Boundary Joint Inspection Committee signed a draft protocol on the first joint inspection of the China-Burma boundary in Rangoon yesterday. The formal protocol and the corresponding maps are to be signed later by the represenatives of the two governments. The first joint inspection of the China-Burma boundary, which started in December 1984, has been completely successful and completed due to friendly and cooperative efforts by both sides.

GU MU HOLDS TALKS WITH LEADER OF THAI JOURNALISTS

OW251808 Beijing XINHUA in English 1604 GMT 25 Jun 86

[Text] Beijing, June 25 (XINHUA) -- State Councillor Gu Mu said here today that the Chinese Government is determined to help foreign businessmen who were the earliest to invest in China to run their joint-venture enterprises profitably. Gu made the remark at a meeting with Norrarat Tangpakorn, president of the Tahi-Chinese Journalists' Welfare fund of Thailand, here this evening. The Thai visitor arrived here yesterday on a private visit as a guest of China's XINHUA NEWS AGENCY.

Tangpakorn is here to discuss with officials of the Shantou Special Economic Zone in Guangdong Province on the joint building of a ship called the "Longhu". Gu said the success of the venture would have a favorable impact abroad. He asked in detail about the ship, which is to ply between Hong Kong and Shantou. He noted that China had been closed to the outside for a long time, so it may make some deviations while carrying out the current open policy. "That is understandable", he said as he extended his welcome to Tangpakorn.

The latter said that Overseas Chinese have a great affection for their ancestral homes. He expressed his hope that Shantou would be successful in building up transportation, telecommunications and other infrastructure facilities.

Gu said China would build its special economic zones in a planned way, and the construction of the Shantou Special Economic Zone is very important in this respect.

Feted by Peng Chong

OW261422 Beijing XINHUA in English 1407 GMT 26 Jun 86

[Text] Beijing, June 26 (XINHUA) -- Peng Chong, vice-chairman of the National People's Congress Standing Committee, meet and feted Norrarat Tangpakorn (chan sai yin) [spelling as received], president of the Chinese Journalists Welfare Association of Thailand, here this evening. Peng gave a brief account of China's on-going economic reform and its open policy. He said the economic reform will surely develop in depth across the country including Shantou Prefecture, Mr. Chan's home town, which keeps wide contacts with Overseas Chinese. Peng also praised Chan for his contributions to friendly relations between peoples of the two countries.

Earlier today director of the office of Overseas Chinese Affairs under the State Council Liao Hui also met Chan on another occasion. The Thai visitor arrived here June 24 on a private visit as guest of China's XINHUA NEWS AGENCY.

XINHUA ON PHILIPPINE ECONOMIC RECOVERY EFFORTS

OW201149 Beijing XINHUA in English 0735 GMT 20 Jun 6

["Roundup: Aquino Government's Solutions to Economic Recovery (by Zhai Shuyao)" -- XINHUA headline]

[Text] Manila, June 20 (XINHUA) -- The new Philippine Government led by President Corazon Aquino has been charting new solutions and directions for the slackening economy of the country. The solutions have now appeared clear as the government's first four months approach an end. They are designed to remedy the serious economic crisis brought about by the Marcos regime -- negative growth rates for the past two years, huge external debt and massive unemployment.

As a major move to economic recovery, President Aquino has recently launched the "second revolution", the blueprint of which features priority given to the development of agriculture, an active participation by the private sector in the nation's economic activities, and the attraction of foreign capital. Then, a medium-term economic recovery program covering the rest of 1986 and 1987, approved by the cabinet, has defined its development strategy as "employment-oriented, rural-based development process that will lead to a better export performace." It emphasizes the development of agriculture, and the small and medium-scale industries, especially in the countryside.

Accordingly, the Ministry of Agriculture and Food has removed the previous biases against agriculture and taken a series of measures, such as reduction of export taxes on farm produce and sales taxes on chemical fertilizers, to boost agricultural production. Observers here hold that the rural-based strategy is necessary because two-thirds of the country's population of 55 million live in rural areas and are largely dependent on agriculture for their livelihood.

The second solution to the declining economy is privatization. According to the same program, government involvement in the economy "shall be kept to a minimum." The private sector shall be the engine of growth.

In its recent meeting, the cabinet has agreed to take steps towards the dismantaling of the monopolies of sugar and coconut industries by former cronies of ousted President Marcos and to allow private sector to take charge. It has pointed out that any monopoly is anathema to the country's adherence to free enterprise. In yet another meeting, it has also agreed to sell its enormous non-performing assets to the private sector. These assets, estimated at around 2.3 billion U.S. dollars, are mostly inefficient and bankrupt firms formerly owned and mismanaged by Marcos cronies of monopoly capitalism.

There are also plans to sell to the private sector the sequestered assets of the Marcos family, their relatives and friends. It is estimated that they stashed away some five to ten bilion U.S. dollars during the 20-year Marcos rule. Some 200 firms, worth about 400 million U.S. dollars, have been sequestered so far as of end-May.

The privatization of these assets has been described here as enhancing the active participation of the private sector, incrasing their efficiency and thus enlivening the lethargic economy. It will also generate the much needed revenues. Through rural development and privatization, the government is trying to create a million jobs for 1986-87. Unemployment rate stands at 12 percent or 2.6 million workers out of a total workforce of 21.7 million.

The solutions have resulted in some good reactions: Agricultural output is expected to grow by 10 percent this crop year over last. Inflation rate, which avereged 50 percent in 1984 and 23 percent in 1985, has come down substantially to 3.3 percent for the first four months of 1986. Commodity prices have basically been stable.

Last but not least, the government is seeking new foreign capital and aids to alleviate the external debt amounting to 26.2 billion U.S. dollars. For this, it has to make an affirmative response to the preconditions which foreign lenders, led by the International Monetary Fund, have set for the Philippines. In its 1983 letter of intent to the Fund, the Philippines pledged to open the economy to market forces in exchange for a standby credit of 615 special drawing rights.

Meeting its foreign obligations, the cabinet has decided to lift restrictions on the import of some 400 commodities. It has also approved a package of tax reform measures designed to raise about 130 million U.S. dollar additional revenues to help make up the budgetary deficit running from 1.5 to 2.2 billion U.S. dollars.

There are fears among the business circles here that import liberalization might kill local industry and further aggravate the country's dependence on foreign-made products. But the government has hinted that it would increase protective tariffs.

Whether or not the solutions are effective will have to stand the test of time. And the Aquino government still has a long way to go to realize its goals of enhancing the sluggish economy. Noted Philippine economist Bernardo Villegas predicted that the government may have to lower its economic growth projection of 1.3 percent to zero for this year, but if the privatization and other reform measures should succeed, there would be a six to eight percent growth rate for the next three years.

INTERVIEW WITH PHILIPPINE VICE PRESIDENT LAUREL

HK230807 Beijing International Service in Tagalog 1130 GMT 20 Jun 86

[Text] Philippine Vice President and Foreign Minister Salvador Laurel and his entourage visited China from 15 to 18 June by invitiation of the Chinese Government. Prior to his departure from Beijing, Radio Beijing conducted an interview with the vice president. Here is the interview:

[Interviewer] This is your third visit to China. What new changes can you see compared to your first two visits?

[Laurel] I noticed great changes when I arrived last Tuesday. First of all, I noticed that the people are better dressed today, and seem happier. There seems to be more freedom and more activities which they enjoy.

[Interviewer] What is the purpose of your visit and what are the expected results?

[Laurel] You must know what happened in our talks. First of all, I informed them of the actual situation in our country since the revolution where there was no fighting, no bloody violence. I confirmed that we are currently speeding up the process of the return to political stability. We are drafting a new constitution because the old one was rejected by the people, that is, the Marcos constitution and thus, we are changing it. Then, we will have an election as soon as possible, most likely before the end of the year. We will hold an election under the new constitution and we will have a new congress or parliament.

At the same time, we are trying to pacify different parts of the country where fighting used to take place. We are currently asking our people to end all fighting, to lay down arms, and to join in reconciliation and reconstruction efforts. We are striving to revive and rejuvenate our economy, which was devastated during the Marcos regime. We are trying to revitalize the economy so that our business establishments can be resurrected.

I explained this to our friends here in China. I spoke with Chairman Deng Xiaoping, Premier Zhao Ziyang, Vice President Ulanhu and your vice premier, foreign minister, finance minister and trade minister. The only one I was not able to meet was President Li Xiannian who is reportedly sick.

[Interviewer] What can you say about the prospects of Philippines-Chinese relations?

[Laurel] Based on our talks, which went very smoothly, I can say that relations between China and the Philippines will be further developed because we share the same views on many things, especially on cooperation. China is really behind us and helping us like a true friend.

[Interviewer] Thank you very much.

[Laurel] Thank you.

WU XUEQIAN FETES VISITING BENIN FOREIGN MINISTER

OW261711 Beijing XINHUA in English 1517 GMT 26 Jun 86

[Text] Beijing, June 26 (XINHUA) -- Chinese Foreign Minister Wu Xueqian gave a banquet in honor of Frederic Affo, minister of foreign affairs and cooperation of Benin, and his party here this evening at the Diaoyutai State Guesthouse.

In his toast, Wu spoke highly of the efforts of the government and people of the African country, led by President Ahmed Kerekou, in safeguarding national independence and state sovereignty, and their achievements in economic construction. Wu said the policy of nonalignment and good-neighborly relations pursued by the Beninese Government has played a positive role in both African and international affairs.

Referring to the African economic situation, Wu said, the African people are industrious and brave, and own rich natural resources, so there is no doubt that the African people can rely mainly on their own efforts while trying to win necessary international aid to develop their economy and improve their peoples' lives. He noted that the recent situation in the southern part of Africa has aroused serious concern worldwide. China is confident that the great struggle for national liberation of the people in the southern part of Africa is irresistible, and the complete independence and liberation of the whole African continent will surely be realized, Wu said.

Both China and Benin are developing countries, he said, and face the common task of building up the country and getting rid of backwardness. He expressed his hope that the friendly relations and cooperation between two countries would make consistent progress with the efforts by the two governments and peoples.

Affo praised the good relations and cooperation between the two countries, parties and governments. He said the coordinated development of various forms of cooperation between the two countries is because the two peoples love peace, justice, freedom and dignity.

He said the two countries hold identical views on major international economic and political issues, and always support the struggles of the oppressed peoples against imperialism, colonialism and all other kinds of domination. They also believe in solving conflicts by way of dialogue and consultation. In the economic field, the two countries actively support all efforts to develop South-South cooperation, Affo said.

Affo and his party arrived here at noon today as guests of Wu Xueqian. Wu and Affo held talks this afternoon. They exchanged views on bilateral friendly relations and international issues of common concern, and briefed each other on their respective countries' economic construction.

YE FEI MEETS MADAGASCAR CULTURAL DELEGATION

OW211450 Beijing XINHUA in English 1415 GMT 21 Jun 86

[Text] Beijing, June 21 (XINHUA) -- Ye Fei, vice chairman of the National People's Congress Standing Committee, met here today a culture delegation from the Madagascan Government headed by Minister of Revolutionary Culture and Art Gisele Rabesahala. The delegation, the first of its kind from Madagascar to China, arrived here June 19 at the invitation of the Chinese Ministry of Culture. It is scheduled to leave here for home tomorrow.

HU YAOBANG INSPECTS WORK DURING KUNMING STOPOVER

HK261414 Kunming Yunnan Provincial Service in Mandarin 1000 GMT 26 Jun 86

[Text] Hu Yaobang, general secretary of the CPC Central Committee, wound up his trip to four West European countries and returned home. After a short stay in Kunming, he left this morning for Beijing by a special plane. Li Peng, member of the Political Bureau of the CPC and Vice Premier, and Fei Xiaotong, vice chairman of the CPPCC, also left Kunming on the same plane.

Pu Chaozhu, secretary of the Yunnan Provincial CPC Committee, He Zhiqiang, deputy secretary and governor, and Deputy Secretaries Zhu Zhihui, Li Shuji, and Liu Shusheng; Ying Jun, secretary of the provincial Discipline Inspection Commission; Qi Shan, vice chairman of the provincial People's Congress Standing Committee; Liang Jia, chairman of the provincial CPPCC; Vice Governor Zhu Kui; Wang Xintian, secretary of Kunming City CPC Committee; Zhao Kun, political commissar of the provincial Military District; Xing Yongning, political commissar of a certain group army; and Liu Minghui, member of the Central Advisory Commission in Kunming, went to Kunming Airport to see Hu Yaobang off.

Yang Ming, chairman of the Yunnan committee of the China Democratic League, was present on the occasion.

Despite the tiring journey, General Secretary Hu Yaobang, accompanied by Comrade Pu Chaozhu, made an inspection tour of Yuxi Prefecture yesterday. At a meeting with the responsible comrades of the city and county levels of Yuxi Prefecture, Comrade Hu Yaobang listened to reports on how they led the people in increasing production and taking the road to prosperity. Hu Yaobang also gave important instructions on exploitation of natural resources and acceleration of the economic development. Hu Yaobang called on the cadres of Yuxi Prefecture to use their brains, offer better ideas and methods, work hard, and never slacken their efforts so as to develop the prefecture's economy in a steady and sustained manner.

Yesterday, Vice Premier Li Peng gave a report in Kunming to the responsible comrades of the provincial organs, some retired cadres, and responsible comrades of the PLA units garrisoned in Kunming. Accompanied by Zhu Zhihui and Yang Ning, Vice Chairman Fei Xiaotong made an inspection tour of Chenggong county.

HU QIAOMU ON EDUCATIONAL, ECONOMIC REFORM

HK270523 Beijing XINHUA Hong Kong Service in Chinese 1545 GMT 25 Jun 86

[Report: "Hu Qiaomu in Shanghai Talks About Reforms of Educational and Economic System"]

[Text] Shanghai, 25 Jun (XINHUA) — Hu Qiaomu, member of the Political Bureau of the CPC Central Committee, recently addressed a forum attended by some teachers of the East China Teachers' University. He said that we should lead students to vividly discuss the theories of philosophy, economics, and other humanities of various Western schools.

He added: we should take positive measure to introduce, in an analytical manner, the contents of these schools to students. The task of teachers is to guide students correctly.

The main trend of present-day university students is good. The purpose of reforming political and theoretical courses is to let university students understand society, history, the world and the future through the teaching of the courses.

During his stay in Shanghai, Hu Qiaomu also visited Shanghai's No 12 cotton mill. A responsible person of the mill said that since the implementation of the responsibility system of the mill manager, the party, the administrative department, and the workers of the mill "pull together to play a game of chess and act in an opera well." Hu Qiaomu said: China is expanding the experiment in implementing the factory manager responsibility system year by year. This is a great reform in China's enterprise management system.

He added: The implementation of the factory manager responsibility system means that after consultation, a factory manager has the right to appoint middle-level and above cadres. This does not conflict with the principle of the party governing cadres. He stressed that a factory manager can also represent the party! The main issue is that the party, the administrative department, and the workers should coordinate their actions. A party committee should devote its main efforts to ideological and political work, and to the work of supervising and ensuring the successful accomplishment of tasks.

NPC STANDING COMMITTEE APPOINTS PROCURATORS

OW260831 Beijing XINHUA Domestic Service in Chinese 1205 GMT 25 Jun 86

[Text] Beijing, 25 Jun (XINHUA) -- List of appointments and removals by the Standing Committee of the National People's Congress

Approved by the Standing Committee of the 6th National People's Congress at its 16th meeting on 25 June 1986

1. Ji Yusuo [0370 3768 6956] is appointed procurator general of the Shaanxi Provincial People's Procuratorate.

2. He Fangba [0149 6078 2149] is appointed procurator general of the Beijing Municipal People's Procuratorate.

3. Zang Kun [5258 0981] is appointed procurator general of the Shandong Provincial People's Procuratorate.

Li Huimin is removed from his post as procurator general of the Shandong Provincial People's Procuratorate.

LAND MANAGEMENT LAW PROMULGATED 25 JUNE

OW261257 Beijing XINHUA Domestic Service in Chinese 2318 GMT 25 Jun 86

[Text] Beijing, 26 Jun (XINHUA) -- Presidential Order No 41 of the People's Republic of China

"The Land Management Law of the People's Republic of China" was adopted by the 16th Session of the 6th National People's Congress Standing Committee of the People's Republic of China on 25 June 1986. It is hereby promulgated and will be put in force on 1 Jaunary 1987.

Li Xiannian, President of the People's Republic of China 25 June 1986

OFFICIAL SAYS ALL NUCLEAR REACTORS 'WORKING WELL'

HK270521 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1302 GMT 26 Jun 86

[Text] Beijing, 26 Jun (ZHONGGUO XINWEN SHE) -- China has built more than 10 nuclear reactors and all are working well. This was disclosed by Jiang Shengjie, president of the Chinese Nuclear Society.

He said: Efforts are being made to step up the building of the Qinshan nuclear power plant in Zhejiang Province. The plant, located between Shanghai and Hangzhou, will supply electricity to the two cities and surrounding areas after its construction is complete.

At a banquet given by the society in honor of Hong Kong and Macao representatives to the third representative assembly of the Chinese Scientists Association, Jiang Shengjie said: To meet the needs of China's economic construction, nuclear industry and technology have been extensively turned to civil use and are playing an important role in machine building, electronics, and light industry.

Militarily, China has successfully used nuclear technology in production of A-bombs, H-bombs, and nuclear submarines and correspondingly completed a fairly comprehensive complex of nuclear research and nuclear industry. But compared with countries with advanced nuclear technology, he said, China still has a long way to go.

He hoped that scientific and technological circles and industrial circles of Hong Kong will work in cooperation with nuclear industrial circles of Mainland China in the technological, economic, and trade fields. He also said: The Hongyuan Company of the Ministry of Nuclear Industry in Hong Kong and the Shenzhen Industry and Trade Company of the China Atomic Energy Industrial Company in Shenzhen all expect to provide helpful service and cooperation to Hong Kong and Macao.

BIOGRAPHIES OF CPC REVOLUTIONARIES PUBLISHED

OW270232 Beijing XINHUA in English 0140 GMT 27 Jun 86

[Text] Xian, June 27 (XINHUA) -- The first 30 volumes of a series of biographies of noted revolutionary figures in the history of the Communist Party of China (CPC) have come off the press in time for the 65th anniversary of the CPC this year.

They contain 386 biographies which were compiled by a committee researching the lives of well-known figures in CPC history, and published by the Shaanxi People's Publishing House.

There will be altogether 50 volumes containing more than 500 biographies. They include major party leaders at different stages, revolutionary martyrs, and non-communist figures and foreign friends who backed the struggles of the CPC.

The first 30 volumes include the biographies of Li Dazhao, Dong Biwu, Lin Boqu, Peng Dehuai, He Long, Li Lisan, Soong Ching Ling and Dr. Norman Bethune.

This series represents the first attempt at a systematic account of the biographies of leading figures in CPC history, said an official of the publishing house.

THIRD VOLUME OF CHEN YUN'S SELECTED WORKS PUBLISHED

OW250444 Beijing XINHUA Domestic Service in Chinese 2302 GMT 13 Jun 86

[Text] Beijing, 14 Jun (XINHUA) -- The 3d volume of the "Selected Works of Chen Yun" (1956-1985) has been published by the People's Publishing House. It will be distributed by XINHUA bookstores in various parts of the country beginning 15 June.

The 3d volume was compiled by the research office of the CPC Central Committee Secretariat under the guidance of the Party Literature Editorial Committee of the CPC Central Committee as were the 1st and 2d volumes published in 1984 and later. The Party Literature Research Center took part in the examination, approval, and revision of the volume.

1962 Chen Yun Speech Published

HK250953 Beijing BAN YUE TAN in Chinese No 11, 10 Jun 86 pp 4-5

["Excerpt" of a speech made by Comrade Chen Yun on 8 February 1962 at a meeting of all cadres of Shaanxi Province attending the enlarged central work conference: "How We Can Understand More Correctly"]

[Text] Are there any methods which enable us to understand things more correctly? I suggest the following methods. Comrades may try and see whether they work or not.

Be comprehensive. We often take a one-sided approach to problems. For example, there is a cup on the table. People on that side of the table can see a cup with flowers but no handle, but people on this side of the table can see a cup with a handle but no flowers. People on both sides of the table can see only one face of the cup, not the whole picture of it. If they "exchange" what each has seen, they will know the cup better. We often say that we must seek truth from facts. In saying seek truth, we mean that we must gain a clear idea of the situation, and in talking of a realistic approach, we mean that we can work out correct policies on the basis of deepgoing research. For example, if we make an incorrect judgment of the enemy's situation in a war, we will certainly be defeated in battle. Moreover, if a doctor makes a wrong diagnosis of a patient's condition, he definitely cannot cure his illness and may even cause his death. So, how can we manage to find out the real situation? What we should do first is exchange views with other people often. In this way, one-sided views will gradually become comprehensive, vague ideas will become clear little by little, and divergent views will reach unanimity step by step. In dealing with a problem, if there are differences of opinion, what should we do? I think we may work on suppositions, look at the problem from different sides, even from the reverse side, and try to find out all possible conditions, and then we will be able to understand the problem in an all-round way. We commit errors just because we cannot observe objective laws in our work. However, those who make mistakes cannot be regarded as not acting according to facts at all, but they take their one-sided views as comprehensive ones. In formulating policies, leading organs should use at least 90 percent of the time to conduct investigation and study, and leave the rest of the time for discussions and making final decisions.

Let us make some comparisons. In looking into problems, formulating policies, and deciding on plans, we must compare different solutions. We must compare them with the present, the past, and the foreign. In doing so, we will gain a clearer idea of the situation and judge more accurately between right and wrong. Making comparisons repeatedly only does us good, not harm.

Thinking a lot about something. After making comparisons regarding a problem, we should not arrive at a decision right away but should turn the problem over in our minds again and again. In deciding on some problems, the decision may seem correct at the time, but it will be found to be incorrect or even absolutely wrong some time later. Therefore, we should not come to a decision in haste, but should have time to think a lot. It is better to think about it over a period of time and then make a decision. When working with Chairman Mao, I found he seldom decided on something right away. When we discussed problems with him, he used to say "hmm," but this did not mean that he consented to what we said.

HONGQI Publishes Introduction

HK250942 Beijing HONGQI in Chinese No 12, 16 Jun 86 pp 3, 11

[Article by the "Selected Works of Chen Yun" Editorial Group of the Research Center of the Secretariat of the CPC Central Committee: "Adhering to the Principle of Seeking Truth From Facts Is the Way to Success in All Undertakings -- Introducing the 'Selected Works of Chen Yun' -- capitalized passages published in boldface]

[Text] Volume 3 of the "Selected Works of Chen Yun" has been published throughout the country. Comrade Chen Yun's works have been published on the schedule. Focusing on Volume 3 and in connection with Volumes 1 and 2 published in 1984, this article will introduce the main contents of his works.

The three volumes of the "Selected Works of Chen Yun" cover the 60 years from July 1926 to September 1985. From the 157 articles published, readers may see in certain important fields the glorious and tortuous road taken by the Chinese people in revolutionary struggle and socialist construction under the leadership of our party and their experience of success and failure.

The revolutionary struggle and construction led by our party can be divided into two major periods: the period of new democratic revolution in the first 28 years and the period of socialist revolution and socialist construction in the last 37 years. The Zunyi conference was a turning point from failure to success in the first period, and the 3d Plenary Session of the 11th CPC Central Committee was a turning point in the second period. Of all the articles included in the three volumes of the "Selected Works of Chen Yun," 53 were written in the first period, among them 46 after the Zunyi conference; and 104 were written in the second period, among them 29 around the 3d Plenary Session of the 11th CPC Central Committee. As is known to all, all of Comrade Chen Yun's articles are permeated with the basic guiding thought of proceeding from reality and seeking truth from facts.

I

Our country is in a period of historical change. Over the past 7 years since the 3d Plenary Session of the 11th CPC Central Committee, due to the correct guiding thought of our party and the unleashing of the initiative of the masses, we have made unrivalled achievements in socialist construction and the reform of the socialist economic structure.

Just as the CPC Central Committee has repeatedly stressed, China must take a road of building socialism with Chinese characteristics. This means we must proceed from China's realities, conform to objective laws, and adhere to socialism.

On this issue, Comrade Chen Yun time and again stressed that we must first have a good understanding of the "facts" in the course of proceeding from China's realities and seeking truth from facts. China has a population of 1 billion, 80 percent of them in rural areas, and limited arable land, so feeding the population is a big problem. Meanwhile, China's industry, science, and technology are backward and their distribution is uneven. We must formulate strategies, tactics, policies, and plans for China's socialist construction by proceeding from this reality. This is to say that we need to spend a long time, make great efforts, and overcome many difficulties to build socialism.

According to the historical conditions of their times, Marx and Engels predicted that after the proletariat wins victory in revolution, capitalism will be transformed to communism after a transitional period. The revolutionary teachers of the proletariat made this predication on the theoretical assumption that capitalist society has formed a high degree of social productive forces. However, during the period from the Russian October Revoluton to the victory of the Chinese revolution, all countries which took the socialist road, except for one or two countries, were underdeveloped or not so developed economically. The social productive forces in these countries were at a low level and their labor productivity was much lower than that in developed capitalist countries. As seen from the existing practical experience, a whole historical period will be needed to build socialism under backward economic conditions and to move to communism. Only by developing the social productive forces to a high degree in this historical period is it possible to fulfill the transition to communism.

In the historical period of socialism, social and economic development will go through several historical stages, from elementary to advanced stages. China's current social, economic, and cultural status indicates that China is still in an elementary stage of buiding socialism. We must consider this fact in carrying out construction and reforms.

The 12th National CPC Congress decided that from 1980 to the end of the century, China's total industrial and agricultural output value must be quadrupled and the living standard of the Chinese people must reach a better-off level. Over the past few years, Comrade Deng Xiaoping has repeatedly pointed out that from the 21st century, we will need 30 to 50 years to be close to the level of economically developed countries. We are convinced that the above target can be attained through our efforts. We would rather prepare for longer range targets in the whole historical period of socialism and the development process of all stages in the period. Of course, we must prepare for a slow process and strive for a fast one.

China has a poor material and technological foundation in its economy, a low level of social productive forces, and a large population, but our socialist system is advanced and the relations of production with socialist public ownership as its basis has many advantages. On this issue, we must also give play to our strong points, avoid weak points, and properly handle the contradictions between politics and the economy, between the relations of production and productive forces, and between the advanced and backward.

II

In the early 1950's, after we completed the work of economic recovery, the CPC Central Committee put forth the general line for the transitional period calling for gradually fulfilling socialist industrialization of the state and socialist transformation of agriculture, the handicraft industry, and capitalist industry and commerce. In formulating China's First 5-Year Plan for developing the national economy, we defined "a relatively long period" set in the general line as about 15 years. As is known to all; we were eager for success in implementing the plan and to actually spend only 3 years fulfilling the socialist transformation and basically fulfilling the public ownership of the means of production. This caused many problems. In his speech at the 8th CPC National Congress in 1956, Comrade Chen Yun pointed out various defects in China's rapidly established socialist economic structure. Afterwards, by summing up the practical experience of the masses and the correct views of the comrades within the party, he gave many important opinions on what socialist economic structure China should establish and how to respond to the situation. In short, his opinions can be summarized as the following.

On the structure of ownership and economic operation, Comrade Chen Yun raised the view of three "main bodies" and three "supplements," namely, state-run economic operations and collective-run economic operations are the main body of industry and commerce, and a certain amount of individual economic operation is their supplement; planned production is the main body of industry and commerce, and a certain amount of individual economic operation is their supplement; planned production is the main body of industrial and agricultural production, and liberal production according to market changes within the limits of state plan is its supplement; state market is the main body, and free market within a certain scope under the leadership of the state is its supplement. This view of Comrade Chen Yun about planning as the dominant aspect and liberalism as the supplement; and concentration as the dominant aspect and deconcentration as the supplement was written into the resolution of the 8th CPC National Congress. We all know that due to the emergence and development of the "leftist" guiding thought afterwards, his view was abandoned for a period of time. The "communist wind" during the people's commune movement and "cutting capitalist tails" during the Cultural Revolution totally obscured the necessary demarcation lines in the stage of socialist construction and seriously dampened the enthusiasm of the laboring people. In the course of bringing order out of chaos after smashing the "gang of four," Comrade Chen Yun wrote in 1979 an outline entitled "Plan and Market," in which he, integrating the theory of Marxism and Leninism with China's practice, reexpounded the view that planned economy and market regulation must exist in the whole socialist period with planned economy as the dominant aspect. He criticized two unhealthy tendencies in planned management, namely, unnecessary strictness and unnecessary relaxation, and the outmoded view of ignoring the law of value. The market regulation to which he referred means developing production merely according to the changes in supply and demand in the market and without a plan, namely, blind regulation. Comrade Deng Xiaoping also said last year that integrating planned economy with market regulation can better liberate the productive forces and speed up economic development. The practice of China's economic structural reform over the past few years has proved that in the elementary stage of building socialism, with the foundation of public ownership, the state can master the economic liveliness concerning the life of the masses, allow the existence of individual economy, state capitalist economy, and other economic patterns, and use market regulation as a supplement to the planned economy. This is advantageous to the development of China's planned commodity economy.

As early as in 1957, in view of the defects and problems in China's economic management system, Comrade Chen Yun personally drafted regulations for the State Council on improving the management system of three important departments, namely, industrial, commercial, and financial departments. The contents of the three regulations and many important opinions given by Comrade Chen Yun at the 8th CPC National Congress and after 1977 on reforming the economic management system can be summarized as the following 10 points: 1) Under the unified state plan, give more administrative power to local governments and enterprises according to local conditions. Local authorities must be given a certain amount of floating funds within a limit, so as to ensure the funds needed for the state's priority projects. 2) After assigning some of the powers of central authorities to lower levels, it is necessary to balance the work of the whole country. 3) Change the previous purchasing and marketing relationship of industrial and commercial enterprises; that is, change the previous method of factories making products on orders from commercial departments to the method of factories buying raw materials and marketing their products by themselves. Except for the products related to people's daily life, in which a state monopoly of purchasing and marketing should continue, other products should be purchased selectively. 4) The production of the handicraft industry and the production of sideline products in agriculture should be carried out in a deconcentrated way, and it is necessary to overcome blindly concentrated production proceeding from a one-sided view. 5) Commerce must be operated in a deconcentrated way; the state must relax market control. Except for products in short supply, which must be distributed according to state plans, the assigned purchase method from the upper to the lower levels must be abandoned for other products, and the free purchase method from the lower to the upper levels must be introduced and small free markets for native products must be set up in rural areas. 6) The state's price policy must be advantageous to production. Prices must be stable, but we cannot simply adopt the method of "setting unified prices" or "freezing prices." It is necessary to pay serious attention to the prices of grain and economic crops and the comparison between the two prices, and to maintain a certain proportion between grain and economic crops and industrial products, so as to help develop agricultural production and improve people's livelihood. 7) Improve planned management methods of the state and reasonably reduce mandatory planning targets. Variuos economic regulation means must be adopted in carrying out mandatory planning targets and guidance targets. 8) While bringing into play the role of market regulation and enlivening the economy, it is necessary to avoid the trend of abandoning state plans. State plans are an important means to ensure proportionate and harmonious economic development. 9) It is necessary to bring into full play the regulatory role of economic levers, but the state may, if necessary, adopt administrative measures to intervene in economic affairs. 10) Using foreign funds and bringing in new technology is an important policy. Under the condition of relying on our own efforts, we must make full use of favorable international conditions, borrow some money from foreign countries which will not cause losses, and bring in advantageous technology to speed up socialist modernization.

Comrade Chen Yun repeatedly stressed that the economic structural reform we are carrying out is a reform of the socialist economic structure and a self-improvement and self-development of the socialist system. How are we to understand this viewpoint?

We believe that it can be understood in this way: The reform of the socialist economic structure should naturally be suited to the inherent nature of the socialist system. Therefore, it is necessary to first of all study and sum up the conditions and experience in China and continuously reform and improve the system which has been proved unsuitable to the development of the productive forces. On this premise, we must learn the successful experience of other countries, including that of capitalist countries, which we can use. However, in applying the successful experience of other countries, we must not copy them indiscriminately and uncritically, but must integrate them with China's reality and digest and absorb them, so that they can become our own experiences.

Comrade Chen Yun also pointed out that as the current economic structural reform involves many fields, most cadres are not familiar with it, and many unpredictable problems will arise in the course of the reform. Therefore, we must make explorations and sum up experiences while carrying out practice. He used a vivid expression of "crossing the river by touching the rocks" to describe it.

III

As one of our party's principal leaders, Comrade Chen Yun has been in charge of economic work for a long time. But he was time and again labelled a "conservative rightist deviationist" after 1958. Practice has proved that he has always been a sober-minded and practical economist. In the several "leftist" waves, he always adhered to his scientific attitude and never gave up his practical views which had been formed after his thorough investigation and repeated pondering. This reflects the true qualities of a proletarian revolutionary who strictly upholds the principle of party spirit.

In his protracted leadership over economic work, Comrade Chen Yun put forth many suggestions which stood the test of practice and won the support of quite a few leading comrades. Most articles included in the "Selected Works of Chen Yun" are about economic work and have substantial contents. In addition to the above opinions on reform of the economic structure, many of his views on economic construction are familiar to the vast number of economic workers. We now make necessary explanations on that part of his views which is of practical guiding significance to the current work.

1. PROPORTIONATE DEVELOPMENT IS THE QUICKEST PACE. Comrade Chen Yun repeatedly said that proportionate economic activities and harmonious relationships will bring the fastest and best results. Although the economy can develop under the situation of partial imbalance and not affect the overall situation, it is impossible to achieve faster and better economic results. If there is a serious imbalance in most economic relationships, including that affecting the overall situation, the economy will retrogress and a crisis will arise. At the National Conference of Party Delegates held last year, Comrade Chen Yun once again pointed out: "In the final analysis, we must advance steadily in a planned and proportionate way. This is the fastest way. Otherwise, various troubles and runaway situations will arise. Setbacks will be unavoidable. The result is a slow progress. 'Haste makes waste.'"

Even a capitalist society requires that the economy develop in proportion. Once the main proportionate relationships are seriously imbalanced and break up, there will be a crisis and economic retrogression. What is different in a socialist country is that it can use the means of planning to swiftly and properly regulate economic activities and avoid a protracted and serious imbalance of proportionate relationships.

This is a possibility, not a fact. If we make mistakes or serious mistakes (the common mistakes are impetuosity, rashness, and excessively high targets), there will also be a crisis, or "setback" as people say. Therefore, in carrying out economic work, we must try to master the overall situation and find out problems, particularly the problem of several basic proportionate relationships. We must use the means of planned regulation, bring into play the role of various economic levers, and adopt various effective measures to harmonize all kinds of proportionate relationships. In general, we must not weaken planning work, but must meticulously improve and continuously strengthen planning work so as to ensure the healthy economic development. This is because ours is a planned commodity economy with socialist public ownership as its foundation, not a market economy which is totally regulated by the market.

Proportionate economic development also involves the correct handling of the relationship between priority projects and general projects. It is necessary to give prominence to some priority projects, but if we fail to pay attention to general projects, economic development cannot last long and priority projects will be a failure in the end. While giving prominence to priority projects, we must give consideration to general projects in a reasonable way. This is also a problem we must pay attention to from time to time.

2. REACHING AN OVERALL BALANCE IS THE BASIC WAY FOR BRINGING ABOUT PROPORTIONATE DEVELOPMENT. Comrade Chen Yun said that reaching a balance means proportionate development. If we fail to reach a balance, we cannot develop the economy in proportion. Overall balance includes the balance between all departments and parts in the national economy, as well as the balance within a department, an area, or a part. To guide economic activities throughout the country, we must first reach an overall balance. Their overall balance must be based on the balance in each part and must guide and restrict the balance in each part.

What are the main contents of the overall balance? In 1957, when talking about the problem that the size of construction must correspond to our national strength, Comrade Chen Yun spoke of the balance in three fields: the balance between financial income and expenditure, the balance between deposits and granting of credit loans, and the balance between the supply and demand of goods. Of the three balances, the most essential is the balance between the supply and demand of goods. The production and supply of consumer goods in daily life must be suited to social purchasing power. The production and supply of the means of production must be suited to industrial and agriculture production, circulation, and the size of fixed assets investment. These are the most important two balances in goods. Since we adopted the policy of opening up to the outside world, the balance of income and expenses in foreign exchange has become an important part of the overall balance. China has rapidly developed economic and cultural ties with other countries over the past few years, and the scale of the economic and cultural ties is becoming larger and larger. Paying attention to the balance of income and expenses in foreign exchange is an important issue.

While our country is still relatively poor, we must try to catch up with developed countries as soon as possible. For this reason, it is impossible for us to be well-off in all fields, and maintaining a balance under the circumstance of a shortage of goods is inevitable. Even if there is an ample supply of goods for a time, the situation may change, as China has a large population. Therefore, we must not be careless when we are well-off and have an ample supply of goods. Maintaining a delicate balance is unavoidable.

However, as Comrade Chen Yun has said repeatedly, we must not maintain a balance to such a tense degree as to break it. If so, simple reproduction cannot be guaranteed and the loss is too heavy. This situation appeared in the early 1960's. To avoid a balance to an excessively tense degree and the breakup of the balance, Comrade Chen Yun held that in maintaining an overall balance, we must maintain a balance according to the "short line," not the "long line." Of course, when weak points appear, we must do our best to improve the situation and to gradually harmonize the proportionate relationships. Using planning means and the method of overall balance to bring about proportionate economic development is an advantage of the socialist system.

3. WE MUST TAKE INTO CONSIDERATION BOTH ECONOMIC CONSTRUCTION AND PEOPLE'S LIVELIHOOD. This view stems from the characteristic that China has a large population and limited arable land, and Chinese people are poor, and it uses the historical experiences of China and other socialist countries for reference. In 1981, Comrade Chen Yun stressed: First, we must feed the 1 billion population; and second, we must carry out socialist construction. If we care for feeding only and eat up and use up everything, our country will be hopeless. While adequate food is ensured for people, the state must have remaining strength to carry out construction.

In economic activities, the relationship between construction and livelihood is reflected as the proportions of accumulated funds and consumer funds in the distribution of national income. The problem of controlling accumulation rate was first raised by Comrade Bo Yibo at the 8th CPC National Congress and was highly valued by all principal central leading comrades, who approved of an accumulation rate between 20 to 25 percent. Along with the subsequent development of the "leftist" guiding thought, the accumulation rate was often too high, exceeding 30 percent or even reaching 43 percent in some years. Facts have proved that the excessively high accumulation rate was due to the excessive targets for growth rate, the excessively large size of capital construction, and the excessively large scale of our construction. This cannot rapidly expand the ability to develop production, but will result in a serious imbalance in main fields, causing heavy losses.

The excessively large size of capital construction and the excessively large scale of construction is a "common disease." In the course of economic readjustment in the early years of the Sixth 5-Year Plan, we achieved initial results in curing this "common disease." However, in the last 2 years of the Sixth 5-Year Plan, the "common disease" once again emerged together with a "complication," namely, the failure to control consumer funds. As a result of our failure to control both accumulation and consumption, there were inevitably "deficits" in the distribution of national income. This was the main reason for the sharp price hike. The deficit in the distribution of national income is a matter concerning the overall situation which should not be ignored. In view of this, the CPC Central Committee and the State Council have adopted effective measures to deal with it and have achieved initial results. However, we must continue to carry out the measures so as to prevent the diseases from recurring.

4. WE MUST ADHERE TO TAKING AGRICULTURE AS THE FOUNDATION. This view, which was first raised by Comrade Mao Zedong, is also decided by China's real situation and corresponds with the basic tenets of Marxism-Leninism. In the 1950's, Comrade Chen Yun pointed out that agriculture is a problem concerning the food and clothing of the people of the whole country.

If economic construction is not based on this, it cannot be consolidated. The problem of agriculture is first of all the problem of grain. At that time, he put forth the thesis: "Stable grain output brings stability; shortage of grain results in a tight market." On the eve of the 3d Plenary Session of the 11th CPC Central Committee, in view of the serious damage to the agricultural production then, Comrade Chen Yun once again stressed that it was necessary to import some grain to ease peasants' burden. In this way, he hoped the peasants would feel relieved and resume and develop agricultural production. Regarding this problem, we suffered many setbacks, the main reason being that we had not found a way to give full play to peasants' initiative. Our economic structural reform over the past few years began in rural areas. In the course of the reform, we adopted many methods of developing agricultural production which were discovered by peasants in practice, and we instituted various responsibility systems with output linked to contract. All these plus the government move to greatly increase the prices of agricultural products have brought about rapid changes in China's rural areas and resulted in an economic boom throughout the country. However, some areas make mistakes in handling the relationships between agriculture and industry and between grain and economic crops. They put undue emphasis on the idea of "no industry, no wealth," and "no commerce, no brisk market," resulting in tendency to relax agricultural production, grain production in particular. In view of this, Comrade Chen Yun reminded us not to forget the truth of "no agriculture, no stability," and "no grain, no peaceful situation."

5. THE SCALE OF CONSTRUCTION MUST BE SUITED TO THE NATIONAL STRENGTH. At a central conference held in early 1957, Comrade Chen Yun pointed out: "The scale of our construction must be suited to the financial and material resources of our country, and whether they are suited or not is the demarcation line between a stable or unstable economy." In the speech, he also raised the view that it is easier to correct a conservative tendency than to correct a rash tendency; the view that financial income and expenditure and banking credit must be balanced with some surpluses; the view that in times of short supply of goods, it is necessary to first of all guarantee the production of daily necessities, then the production of the means of production, and finally capital construction; the view that the upgrading of people's purchasing power must be suited to the supply of consumer goods; and the view that the balance between the scale of capital construction and financial and material resources must be consistent and free from sudden rise and fall. In short, these views mean that we must carry out construction according to our own abilities. This guiding thought is applicable not only to capital construction, but also to all economic departments and to other departments in a certain sense. They are the guarantee of protracted, stable, and healthy development in economic and other causes. This thought was previously criticized and labelled as mechanical materialism which negates subjective initiative. But history has proved that it was not those criticized degenerating to mechanical materialism, but those criticizing others degenerating to the will for power doctrine.

In recent years, Comrade Chen Yun also said that we communists of course want to achieve faster and better results. The problem is whether we have the conditions to do so. Stressing conditions is not mechanical materialism, but dialectical materialism. If we have no conditions or our conditions are not ripe enough, we of course must do our best to create conditions and must not adopt a passive attitude. But creating conditions is also restricted by the material conditions at that time and our subjective ability.

In addition to the above five major problems, Comrade Chen Yun also gave many important opinions on the other fields of economic work. For example, he believed that in building new enterprises and tapping the potential of old enterprises and reforming and transforming old enterprises, the stress should be laid on the latter. Meanwhile, it is necessary to bring in new technology on the existing basis, by either filling in technological gaps of forming complete sets of equipment so as to march forward steadily. To digest and apply the new foreign technology, it is necessary to mainly rely on our existing technological forces, that is, millions of technological personnel and scientific research personnel trained by us since the founding of the PRC. Comrade Chen Yun stressed that properly carrying out commercial work and maintaining market prices is not only an economic problem, but also a political problem. He demanded that cadres, staff, and workers engaged in commercial work acquire a political viewpoint, a mass viewpoint, and a production viewpoint, and avoid and overcome exclusive concern about profession and the tendency of routinism. Due to the limited space of this article, we are not going to discuss this in detail. Discreet readers may find from Comrade Chen Yun's articles some things which are still useful today.

IV

Building a powerful party which is consolidated politically and organizationally is a task which all party members, leading party cadres in particular, must not ignore at any time. Without such a party which leads us in building socialism, our cause cannot advance and succeed.

When assuming the post of the organizational department director of the CPC Central Committee in Yanan, Comrade Chen Yun expounded in detail problems about the requirements of party members, party branches, the party's mass work, party discipline, the party's policy on cadres, and the study of theory. In volume 3 of the "Selected Works of Chen Yun," in view of the problems in the new historical period, Comrade Chen Yun put forth many important suggestions on the building of our party. The main content of his suggestions can be summarized into the following four areas:

1. IT IS NECESSARY TO GRASP IMPROVEMENT OF PARTY STYLE. Comrade Chen Yun was elected first secretary of the Central Discipline Inspection Commission at the 3d Plenary Session of the 11th CPC Central Committee. In January, at the first meeting of the commission, he pointed out that the basic task of the Central Discipline Inspection Commission was to safeguard party regulations and law and to straighten out party style. In November 1981, he raised the important view that the problem of the style of a ruling party is an issue concerning the life and death of the party, and called for improving party style permanently. The practice over the past few years has proved that this view of Comrade Chen Yun struck home. In January 1982, he and other Standing Committee members of the CPC Central Committee [zhong yang chang wei 0022 1135 1603 1201] called for hitting hard at serious economic crimes. In June of the same year, he said that in the course of straightening out party style, it is necessary to pay attention to the phenomena of ignoring principles and confusing right and wrong, to correct the trend of fearing problems, struggles, and offending others, and not to isolate those who uphold principles. He believed that only by first forming within the party a general mood of distinguishing right and wrong will the party be united and have combat strength.

Consequently, the general social mood will improve, healthy tendencies will rise, and unhealthy tendencies will disappear. At the 2d Plenary Session of the 12th CPC Central Committee held in October 1983, Comrade Chen Yun once again pointed out that since the party came to power throughout the country, the leadership power of central organs, grass-roots units, enterprises, institutions, and production teams have been in the hands of party members. Party members can use the various powers in their hands to seek private interests. Many of those who have committed corruption were party members or were protected by party members. If we fail to hit hard at those who seek private interests by taking advantage of their power and position, party style will be ruined and the party will become unpopular. At the national conference of party delegates in September 1985, Comrade Chen Yun also stressed that leading cadres at all levels, high-ranking leading cadres in particular, must pay serious attention to the prime issue of party style, and must set a good example in improving party style. Incumbent and retired high-ranking leading cadres must also set a good example in properly educating their sons and daughters. In his written speech at the Sixth Plenary Session of the Central Discipline Inspection Commission, Comrade Chen Yun further pointed out that if we turn a blind eye to the evil tendencies which undermine socialist construction and corrupt the party style and general social mood, and if we let the tendencies developed unchecked, it is necessary, in addition to punishing those individuals who do evil, to affix responsibility to the CPC committees and discipline inspection committees of the units and areas concerned. From the above exposition of Comrade Chen Yun, we realize that straightening out party style is a prime issue which can ensure the smooth progress of our economic construction and economic structural reform.

2. WE MUST ADHERE TO DEMOCRATIC CENTRALISM. Whether or not acting upon the principle of democratic centralism is a major indication of normal or abnormal political life within the party, we had bitter lessons regarding this problem in the past. One of the important reasons for the continuous development of the "leftist" guiding thought after the founding of the PRC was the abnormal inner-party political life and that Comrade Mao Zedong had the final say on major problems under the increasingly weakened collective leadership. Thus, the erroneous guiding thought was hard to correct and became more and more serious, leading to the "Cultural Revolution" in the end. Comrade Chen Yun profoundly pointed out that the lack of democratic centralism within the party and the abolishment of collective leadership within the party was the main reason for the appearance of the "Cultural Revolution." He repeatedly said that there must be both democracy and centralism in inner-party political life, and different opinions and disputes should be allowed within the party. This is not a bad thing, as we can be more prudent and make fewer mistakes. What we fear is not if people give wrong opinions, but if people keep silent within the party. If no one speaks at a meeting, it will not be a good thing. Party organizations must allow comrades to raise different views, for this is a good phenomenon indicating a boom in our party's cause. Leading comrades in charge of important work must especially be modest. They must constantly heed different opinions and listen to opinions from the opposite side. Otherwise, people will not speak out and tell the truth and will only speak lies and flattery. This is very harmful to the party's cause. Comrade Chen Yun also expressed the hope that middle aged and young cadres who have newly joined the leading groups will act upon the principle of democratic centralism.

3. WE MUST PAY SERIOUS ATTENTION TO TRAINING AND PROMOTING MIDDLE-AGED AND YOUNG CADRES. In accordance with Comrade Deng Xiaoping's views on earnestly selecting successors, in 1981, Comrade Chen Yun called for immediately training and promoting thousands upon thousands of middle-aged and young cadres so as to take over from veteran cadres and build a cadre contingent consisting of old, middle aged, and young cadres who can serve modernization construction. Both these men believe that this is a strategic task determining the task of our party and state.

Comrade Chen Yun has all along stressed that the requirement for promoting and employing cadres is that they must have both ability and political integrity, and that the stress must be laid on political integrity. In the new historical period, the party raises more strict requirements on cadres. Being loyal, being unselfish, upholding principles, observing discipline, working hard, being skillful in integrating theory with practice, maintaining close links with the masses, carrying out criticism and self criticism -- all these remain the basic requirements which all party cadres must meet. However, modernization construction demands that all cadres, particularly leading cadres at all levels who are in the first line, have a higher cultural level, better professional knowledge, and management experience, and be in the prime of life and energetic, which many veteran cadres lack. Different historical periods have different tasks. New tasks call for establishing a new cadre contingent, which is a demand raised by history. In his two articles, "Promoting and Cultivating Middle-Aged and Young Cadres Is an Immediate Concern" and "Promoting Thousands Upon Thousands of Middle-aged and Young Cadres," Comrade Chen Yun repeatedly expounded the necessity and urgence of this problem, arousing the attention of the whole party.

We have made remarkable achievements in cultivating and promoting a great number of middle-aged and young cadres over the past few years. A great number of veteran cadres and party members have voluntarily withdrawn to the second line or retired in the interest of the whole party. At the National Conference of Party Delegates held in 1985, central leaders made proper arrangements in regard to leaders at different echelons. This is undoubtedly of far-reaching significance to China's socialist modernization.

4. WE MUST FIRMLY GRASP THE BUILDING OF SPIRITUAL CIVILIZATION. This is an important matter which has a directly bearing on the improvement of party style and general social mood. Comrade Chen Yun and Comrade Deng Xiaoping, together with other central leading comrades, vigorously advocated building material and spiritual civilization simultaneously and combining and grasping the building of the two civilizations. Without good party style and general social mood, people will have no great ideals, no strong will, and no hard-working spirit, and the building of material civilization will be seriously disrupted, not be carried out smoothly as scheduled, and not be successful. Comrade Deng Xiaoping recently stressed that if we genuinely grasp the building of spiritual civilization, we will have hope. If we fail to firmly grasp the building of spiritual civilization, we will be hopeless. We all know that political and ideological damage caused to our party by the "Cultural Revolution" are more serious than organizational damage, for the "Cultural Revolution" are more serious than organizational damage, for the "Cultural Revolution" confused people's ideas and corrupted their style. Moreover, in the course of enlivening the domestic economy and opening up to the outside world, we relaxed ideological and political work for a time.

As a result, decadent bourgeois ideas and style broke through when we were off guard, and some abominable behavior of feudal society revived to corrode our party's body and corrupt our party style. Comrade Chen Yun seriously pointed out at a meeting: If we fail to build socialist spiritual civilization simultaneously, the building of material civilization will deviate from the correct path. Worse, it may even deviate from socialist and communist ideals, which is very dangerous. Comrade Deng Xiaoping also warned the whole party that China must build modernization, and must not carry out liberalism and take the road of Western capitalism. These are important opinions and instructions.

V

Those who are familiar with Comrade Chen Yun and his works all strongly feel that Comrade Chen Yun is very practical in ever ing. He adheres to proceeding from reality in thinking over problems and making decisions. Comrade Chen Yun is one of those leaders who have all along upheld the principle of seeking truth from facts among the veteran proletarian revolutionary of our party. From Cormade Chen Yun's revolutionary practice over the past 60 years, we can see that it was precisely due to his adherence to seeking truth from facts that he made fewer mistakes and achieved relatively better results in fulfilling all complicated and arduous tasks assigned by the party.

Seeking truth from facts, which is an ideological principle the whole party must follow, is the most powerful weapon for transforming the objective world. Its basic characteristic is the correspondence between the subjective world of human beings with the objective world. To genuinely and thoroughly seek truth from facts, we must first understand the basic tenets of Marxism, and master correct standpoints, viewpoints, and methods to sum up both positive and negative experience in our work, so that our knowledge can move from partial to overall and from perceptual to rational, and so we can understand the essence and objective laws of things. We have also seen from historical experiences that to adhere to seeking truth from facts, we must also have a high degree of party spirit, set an objective of wholeheartedly serving the people, guard against arrogance after winning victories, be modest and prudent, be good at heeding the opinions from the masses, and carry out democratic centralism heart and soul. It is unimaginable that one who knows nothing about the theory of Marxism-Leninism, has no practical experiences, and lacks strong party spirit would adhere to principle of seeking truth from facts and transform the objective world successfully.

As early as the early 1940's, after following Comrade Mao Zedong in the study of Marxist philosophy and summing up experiences of the protracted revolutionary struggle in Yenan, Comrade Chen Yun put forth the view of "not following all instructions of the higher leadership, not copying books, and adhering to facts," which called for deep thought. "Blindly following instructions of higher leadership and copying books" was the cause for the third "leftist" line within the party during the second civil course. Of course, "not following instructions of higher leadership" does not mean that we can refuse to implement resolutions collectively made by the higher leadership, and not copying books" does not mean that we can refuse to read books of Marx and Lenin or even abandon the basic tenets of Marxism-Leninism. This should not be misunderstood.

At that time, Comrade Chen Yun used the words of "not following all instructions of higher leadership, not copying books, and adhering to facts" to express the dialectical materialist attitude which we communists must adopt. Afterwards, he himself adhered to the words in his work. In the 1950's, he summarized the way to know the truth as "completely, comparatively, and repeatedly." He reexplained and developed this idea after the serious setbacks of the "great leap forward" and the people's commune movement. He told us that we must not view problems in a lopsided way, but must view problems in an overall way so as to avoid onesidedness. While studying problems, formulating policies, decisions, and plans, we must make comparisons between the past and present and between China and other countries, and must not get into a corner. On some complicated problems, in addition to having a complete understanding and making comparisons in many fields, we must make decisions after turning the matter over again and again and must not make hasty decisions. The words "completely, comparatively, and repeatedly" are the essence of dialectical materialism.

After decades of practice, the above words of Comrade Chen Yun have been proved simple to understand and practicable. In knowing things, we always proceed from facts and take the road of practice-knowledge-practice again-knowledge again, strive to have complete knowledge, make more comparisons, and think over and over. Only thus can we gradually reach the truth. It is thus clearly seen that these words of Comrade Chen Yun are the unity of materialism and dialectics. Only by adopting a practical attitude and strictly adhering to dialectical materialist theory on knowledge and methodology can we truly seek truth from facts.

Comrade Chen Yun has said more than once that we must spend more than 90 percent of our time conducting investigations and research and less than 10 percent of our time making decisions. When considering an important problem, he often obtains basic information first and then holds various meetings to solicit opinions. In the course of investigation and research, he always pays special attention to opinions different from his ideas. If no different views are aired at meetings, he tries to guide people to consider the problem from the opposite side. After listening to various positive and negative opinions, he makes a comparison and turns the matter over in his mind again and again, and then makes a decision. When studying the three volumes of the works of Chen Yun, the foremost and essential thing is to learn his scientific attitude of seeking truth from facts and his way of thinking and working.

Comrade Chen Yun has personally examined and read all the volumes of the "Selected Works of Chen Yun." He requested that no alteration be made in compiling and selecting his articles so as to avoid unauthenticity and that even wrong parts should not be revised. He repeatedly said that every effort should be made not to magnify his merits in explaining and introducing his articles. We must attribute all our achievements first to the masses, then to the party, and finally to individuals. As for the mistakes we have made, we must have the courage to correct them and draw lessons. Comrades taking part in the editing of the book were deeply moved by this practical spirit and modest attitude of Comrade Chen Yun.

People may find in the three volumes that there are no articles written by Comrade Chen Yun in the 15 years from March 1962 to March 1977. This was the period in which his correct ideas were negated and criticized and he was basically deprived of his right to speak.

During this period, he upheld truth, strictly observed party discipline, refused to be contaminated by evil influences, and devoted himself to the exploration of truth. After the smashing of the "gang of four," he immediately dedicated his heart and efforts to the party's cause and put forth many valuable ideas and opinions on key and important issues. This noble character of maintaining a strong party spirit under a difficult situation is shared by many veteran protetarian revolutionaries. This character will pass from generation to generation and educate all communists.

FORUM ON PARTY RECTIFICATION HELD IN HUNAN

OW212031 Beijing XINHUA Domestic Service in Chinese 1050 GMT 20 Jun 86

[Excerpts] Changsha, 20 Jun (XINHUA) -- After sponsoring the two forums in Zhengzhou and Nanjing in mid- and late May on the work of party rectification in 10 provinces and 1 municipality in northern China and in the 5 provinces and 1 municipality along China's coast, the Central Party Rectification Guidance Commission sponsored another forum in Changsha in early June on the work of party rectification in the 7 provinces and autonomous regions in south China. The forum pointed out: The current party rectification is a new starting point for development party building in the new period and an important step in strictly running the party. After fulfilling their task in conducting party rectification at the township level, various provinces and autonomous regions in south China must begin to carry out party rectification at the village level on the basis of the local situation. At the same time, they must consolidate and develop their achievements in party rectification in various units at and above the county level and carry out their work well in party rectification from beginning to end. After party rectification, they must continue to strengthen party building and strictly run the party, to overcome negative factors, and to strengthen the party's militancy in order to ensure healthy developments in carrying out reforms and developing the economy.

Attending the forum were party committee secretaries in charge of party rectification in Hunan, Hubei, Jiangxi Guangxi, Sichuan, Yunnan, and Guizhou.

The forum pointed out: Township enterprises are something new that have cropped up in the course of carrying out rural reforms. They are of great strategic significance in developing rural economy. In areas where economy is less developed, we must build township enterprises even move vigorously.

The forum also discussed issues regarding party building in the new period. It believed that we must pay full attention to rectifying party style, overcoming the negative factors in the party, and continuing to strengthen the party organizations either in the course of conducting party rectification or afterward.

At the same time, the Central party Rectification Guidance Commission also held a forum in Lanzhou on the work of party rectification in areas inhabited by people of minority nationalities and in remote areas. The Central Party Rectification Guidance Commission has now finished covening the four forums of party committee secretaries in charge of party rectification in various provinces, autonomous regions, and municipalities directly uder the central authority. These forums on party rectification were held with central authority approval.

LU DONG ON INDUSTRIAL PRODUCTION, DEVELOPMENT

HK231241 Beijing JINGJI RIBAO in Chinese 2 Jun 86 p 2

[Article by Lu Dong, minister of State Economic Commission: "Persist in Carrying out Reforms, Advance to New Victories in Modernization" -- capitialized passages published in boldface]

[Text] The Sixth 5-Year Plan period was an important one for our industrial production after the 3d Plenary Session of the 11th CPC Central Committee decided to shift the focus of the work of the whold party to economic construction. Under the guidance of the policy of readjusting, restructuring, consolidating and improving the national economy and the policy of opening up to the outside world and enlivening the domestic economy, and through the effort of hundreds of millions of all state and collective workers and other employees, we have opened up the most prosperous situation in economic development since the founding of the People's Republic. Over the past 5 years, China's total industrial output value (including rural industries) has increased at an average annual growth rate of 12 percent. This rate is roughly the same as that of the First 5-Year Plan period, higher than that of the other plan periods and higher than that of many countries in the corresponding period.

The successful fulfillment of the Sixth 5-Year Plan is the result of the correct leadership of our party and of the efforts made by everyone in the country. In arranging economic work around the central task of bringing about better economic results, we have initially probed some work methods.

ENHANCING THE QUALITY OF ENTERPRISES IN ORDER TO LAY A GOOD FOUNDATION. By the end of 1985, nearly 50,000 state-run enterprises of industry, transport, commerce, land reclamation and the building industry which were listed in the state plan for enterprise consolidation were by and large checked and accepted by the government. This means that we successfully fulfilled the talk of straightening out all existing enterprises before 1985. Through consolidation, the basis of enterprises has become more firm than before and their managerial systems in various aspects have been improved. In addition, the succession of the new to the old for their leading bodies has been completed; more than 80 percent of cadres appointed to these leading bodies are at the level of university or college education and most of them are in their forties.

PERSISTING IN CARRYING OUT REFORMS SO AS TO INSTILL GREATER VITALITY INTO THE ENTERPRISE. Over the past few years, we have conducted a series of experiments to look into how to invigorate enterprises. Generally speaking, they are: Proceeding from readjusting the distribution relationship between the state, the enterprises and the worker, we have extended decision-making power to enterprises in production and management; starting with invigorating collective enterprises and small state enterprises, we have also done so in large and medium-sized enterprises; beginning with introducing the economic responsibility system inside enterprises, we have also made efforts to improve external conditions for enterprises, combining overall reforms with enterprise management reforms.

PROMOTING TECHNOLOGICAL ADVANCES TO TRANSFORM EXISTING ENTERPRISES. Taking the replacement of products as the key, over the past few years we have linked up technological development, imports, and transformation and done all these at one go, not bit by bit as before.

In the past 5 years we have made an investment of over 140 billion yuan in technological transformation, with more than 200,000 projects transformed. Agreements for importing 3,000 technological projects in the last 3 years of the Sixth 5-Year Plan which were sanctioned by the State Council have been concluded; when we add the projects imported by local authorities and departments, the total comes to 14,000. Some of these projects have been completed and commissioned. Thanks to technological transformation, during the Sixth 5-Year Plan steel-producing capacity increased by 12 million tons, the extracting capacity of the coal which is supplied in a unified way by 36.4 million tons, the capacity of shipping coal from Shanxi Province to other provinces by 30 million tons, the handling capacity of berths grew by 13 million tons, and the capacity of saving energy is equivalent to 25 million tons of coal. Through technological development, import and transformation, the level of our country's industrial technology has been elevated to a new high.

STRENGTHENING CONTROL OF MACROECONOMIC ACTIVITIES AND IMPROVE COORDINATION

Over the past few years, local economic commissions have consistently paid equal attention to both economic growth rate and economic efficiency, both quantity and quality, and both production and circulation, and adopted a number of measures with the cooperation of the departments concerned. These measures mainly included the formulation and execution of annual plans, making energy production dovetail with transport, studying and coordinating the relationship between supply and demand, supporting and developing lateral economic ties by bank loans, readjusting the structure of production by combining war industry with its civil counterpart, expanding production of daily consumer goods and promoting exports, improving the quality of products, issuing production permits and strengthening supervision of the masses, encouraging the conservation and better use of energy by strengthening examination and public appraisal, adopting more measures for safety production and management of equipment, and encouraging enterprises to promote the growth rate of production and to increase tax delivery and profits simultaneously so as to improve the country's financial situation.

STRENGTHENING POLITICAL AND IDEOLOGICAL WORK AS WELL AS TECHNICAL TRAINING AMONG WORKERS AND OTHER EMPLOYEES

Over the past few years we have paid attention to political and ideological work among workers and other employees and carried out the education of "encouraging them to foster lofty ideals and moral integrity, to become educated and cultivate a strong sense of discipline" in coordination with other departments concerned. Meanwhile, all localities and departments also helped young workers, who account for two-thirds of the total of our country's workers, make up what they had missed in education and technical training, and had the director (or manager) of big and medium-sized enterprises trained through unified examinations. In addition to this, we have set up 92 institutes for training cadres engaged in economic management and 9 enterprise management training centres. These endeavours have greatly enhanced the political quality of vast numbers of cadres and workers as well as their educational level and technical competence.

The successes scored in the past 5 years are obvious. Nevertheless, we still face many problems in our work. When listening to work reports early this year, leading cadres of the CPC Central Committee Secretariat and the State Council called on us to build a socialist system of economic management with Chinese characteristics. There is still a long way to go to meet this requirement. Therefore, we must persist in reform and improve management through new explorations and repeated practice so as to satisfy the needs of economic development.

The Seventh 5-Year Plan covers a crucial period in which we must lay a good foundation for the revitalization of the economy in the 1990's. During this period, the total value of industrial output should increase by an average of 7.5 percent (or 7 percent if rural industries are included). This growth rate is slightly lower than that achieved during the Sixth 5-Year Plan, but still it will not be an easy job. During the next 5 years, we should create better conditions for the reform, lay a foundation for further economic development, and continue to raise the people's living standards through increased production. There are still various kinds of contradictions ahead of us. To deal with these contradictions, we must first and foremost greatly improve the economic performance of enterprises and enhance the capacity to earn foreign exchange through exports. At present, the key to the two problems lies in raising the quality of enterprises and fully tapping their huge potential. We must see that under the new situation of reform, opening up and invigoration, great changes have taken place both inside and outside enterprises. Enterprises are gradually freeing themselves from the fetters of traditional, old management patterns and are turning themselves into relatively independent economic entities having full management authority and full responsibility for their own profits and losses. With the change in the position and role of enterprises as well as in their technological level and production due to import of advanced foreign technology and technological transformation, we must adopt corresponding management methods and systems.

During the Sixth 5-Year Plan, the management of enterprises has somewhat improved through overall consolidation and initial reforms. However, the management level of enterprises as a whole in the country is still low. The major problems in this aspect are poor quality of products, high consumption of materials, and low economic efficiency. Such problems have resulted from the backwardness of both technology and management. Our comrades can clearly see the backwardness of our technology, but they fail to see the backwardness of our management. It is therefore necessary to call on vast numbers of our cadres and worker to work hard so as to raise our enterprise management to a new level.

According to the real state of our enterprises, what we should do in strengthening the work of enterprise management during the Seventh 5-Year Plan period is: First, we must complete the reform of the enterprise leadership system. By summing up experiences in experiment units, we must extensively introduce the system under which the director (or manager) assumes full responsibility. Second, we must perfect the economic responsibility system and strengthen political and ideological work. Third, we must pay equal attention to technology and management so as to continuously raise an enterprise's self-regulation ability. All trades should arrange manufacture of their major products in accordance with international standards and in 1990, the properties and quality of the greater part of their products should attain the level of those produced in the developed countries in the late 1970's or early 1980's. Over two-thirds of industrial output value and state revenue set in the Seventh 5-Year Plan should be achieved by our existing enterprises.

To achieve this, we must do three important things:

1. Raise the quality of products and lower consumption of materials.

Concretely speaking, a) we must gradually exert overall control over the quality of products in a planned way and link the quality index with the political honor and material gains of workers as well as with their monetary reward; b) the state will strengthen supervision over the quality of industrial products. A recent sample investigation of product quality has made a great impact on enterprises. This shows that this is an effective method; c) it is necessary to institute an effective system for energy saving; d) industrial enterprises will be encouraged and rewarded for low consumption of raw and semi-finished materials and energy and will be fined for excessive consumption; e) the work of choosing the advanced in improving the quality of products and saving energy through public appraisal will continue.

2. REFORMING THE LEADERSHIP SYSTEM OF ENTERPRISES AND MAKING LEADING BODIES RELATIVELY STABLE.

With the institution of the system in which directors assume full responsibility, there are more requirements for them than before. They must adopt an overall point of view and correctly handle the relationship of interests between the state, the enterprise, and the worker. They must have a long-term point of view and know to link immediate interests with the long-term interests. They must have correct guiding ideas for management, and good qualifications and professional competence. They must have a good grasp of production and management and know how to make good policy decisions. They must have good work style and know how to exploit the collective wisdom and unite with all the forces that can be united in work. They must handle matters impartially and take the lead in checking all kinds of unhealthy tendencies.

3. STRENGTHENING POLITICAL AND IDEOLOGICAL WORK AND PAYING ATTENTION TO THE BUILDING OF THE RANKS OF WORKERS AND OTHER EMPLOYEES.

At the National Conference of Party Delegates, quite a few of the central leading comrades stressed most the importance of strengthening the building of spiritual civilization and doing a good job of political and ideological work. With regard to this problem, we must do two things in earnest: First, we must strengthen political and ideological work. On the one hand, we must conduct thoroughgoing and painstaking ideological work and spark the great enthusiasm of workers and other employees with the lofty ideals of communism; on the other, we must correctly implement the party's policies, be concerned with the well-being of the masses, and promptly solve practical problems appearing in study, work and the lives of workers and other employees. Only by linking the two aspects will it be possible to fully exploit political and ideological work. Second, we must strengthen the building up of the party ideologically and organizationally. The views of the masses reflect that the exemplary vanguard role of the communists and the role of the party branch as a powerful fighting force have been becoming weak. We must take effective measures to strengthen them.

The Seventh 5-Year Plan covers an important period in which we are laying the foundation for achieving the grand goal of quadrupling the gross annual value of industrial and agricultural production and also an important period in which we are exploring and building a socialist economic structure with Chinese characteristics. The Seventh 5-Year Plan ratified by the Fourth Session of the Sixth NPC has drawn up a blueprint for our economic construction.

Under the leadership of the CPC Central Committee, we should go all out without delay to improve the work style of leading organs, go deep into the realities of life to serve the grass roots, and mobilize and rely on the people of the whole country to work together with one heart and to pool their wisdom and strength in the first year of the Seventh 5-Year Plan so as to advance to new victories in our four modernizations.

CHEN MUHUA ON BANK SUPPORT FOR FOREIGN TRADE

HK190915 Beijing GUOJI SHANGBAO in Chinese 29 May 86 p 1

[Report: "To Energetically Support Foreign Trade Is an Important Task of the Bank -- Chen Muhua Answers GUOJI SHANGBAO Reporters' Questions"]

[Text] Our reporters have recently interviewed Chen Muhua, state councillor and concurrently president of the Bank of China on the question of how banks should support foreign trade to expand import and export trade. Chen Muhua has answered some of the questions raised by our reporters.

Question: What do you think of the present situation concerning the import and export trade of our country?

Answer: The situation concerning our foreign trade in the first few months of this year is good and there has been a tendency of continued growth. The total foreign trade volume in the first quarter of this year increased by 13.9 percent as compared with that in the corresponding period of last year, accomplishing 22.5 percent of the annual plan. This increase surpassed the increase reached by us in the past. If this momentum can be maintained, there will be no problem in accomplishing our annual export plan. Because of the drop of oil prices on the international market and the readjustment of the purchasing prices of some of the commodities to be exported, our foreign trade now has a bigger demand for renminbi credit funds. As a result, there is great pressure on the work of the banks because when exporting the same amount of commodities, the banks need to provide more funds than before. When there is a shortage of funds in the various aspects of our economic construction, this appears to be a difficult task. However, our guiding ideology is clear, that is to give top priority to supporting the production and purchase of the commodities to be exported on the premise of exercising sufficient macroscopic financial control. We have been doing our work according to this guiding ideology. And in the future, we will continue to do our work according to this guiding ideology.

Question: What is the present situation concerning the bank funds which are used for supporting the export trade?

Answer: To support the reasonable need of funds for producing and purchasing the commodities to be exported has always been an important aspect of our banks' provision of credit funds. By the end of April of this year, the loans provided to the foreign-trade oriented enterprises had reached 56.2 billion yuan, accounting for over 20 percent of the total amount of commercial loans. Last year, when we tightened the money market and controlled the scope of credit, the bank loans to foreign trade still increased by 17.4 billion yuan, an increase of 32.8 percent, which far surpassed the increase rate of 22.1 percent for all bank loans. In the first 4 months of this year, the bank loans to foreign trade increased by 3.2 billion yuan whereas in the corresponding period of last year, the banks recovered one billion yuan of loans.

From this, we can see that the people's bank and other specialized banks have greatly supported the foreign trade loans with funds. And we can say that the banks have basically met the reasonable demand for funds needed to expand the import and export trade.

Question: Do the banks have any more plans to support foreign trade?

Answer: To develop foreign trade is the common task of the banks and the foreign trade department, so both sides should strengthen their cooperation and jointly promote our foreign trade. Besides supporting the production and purchase of the commodities to be exported with funds, the banks should also provide good services to foreign trade and strengthen credit supervision. At present, the banks' method for settling accounts and delivering funds is still relatively backward, and the speed of settling accounts is slow. All these things do not conform with the needs of the development of foreign trade. The Bank of China, which is responsible for all these, is now taking measures to improve its work, and trying to adopt electronic technology, strengthen voucher delivery, increase the speed of receiving remittance, improve the service quality and provide better services. While providing good services, banks should also strengthen credit supervision. To strengthen credit supervision is also a kind of service. Credit supervision consists of both the supervision of receiving remittance and the settling of the accounts concerning remittance, and credit restrictions on purchasing commodities at higher prices and purchasing the commodities that are overstocked or cannot be sold well so as to raise the management standard of foreign trade and increase the economic results of foreign trade.

As far as the foreign trade units are concerned, to make a good use of limited funds is also an important subject. All the foreign trade units should carry out research and improve their work. Last year, the value of the stored commodities in foreign trade increased by over 7 billion yuan. Because of the increase of the remittance with long-term collection periods in foreign trade, more funds for settling accounts have been used. However, the proportion of the funds used for settling accounts is too big now, with an overspending of several billion yuan. The foreign trade units should raise their management standard to improve this situation. First of all, the foreign trade units should purchase the commodities which are sold well and badly needed and the commodities which can create more foreign exchange, and try to reduce and stop the purchase of commodities whose qualities are poor and whose prices are high, and which cannot create foreign exchange. In the meantime, the foreign trade units should accelerate the circulation of funds, improve the efficiency of using funds and realize quick purchasing and quick selling so as to make the best use of the funds. I believe that through the cooperation of both sides, our country's foreign trade will certainly be promoted.

Question: How will the reform of the financial structure cooperate with the reform of the foreign trade structure?

Answer: The reform of the financial structure and the reform of the foreign trade structure are two important aspects of the reform of the economic structure. The two reforms are well under way at present. Though they have different emphasis, the two reforms are closely linked with each other. The activities of the funds of the foreign trade are concerned with the entire financial system, and the various specialized banks and insurance companies all have close links with the foreign trade. What is more, the various links of foreign trade have relations with the various organs of the financial system.

From developing the bases for foreign trade commodities to the production of the industrial and agricultural products to be exported to the supply and transport of the commodities to be exported, and from the purchase of the commodities to be exported, the foreign trade department has business relations not only with the Bank of China, but also with the People's Construction Bank, the Industrial and Commercial Bank of China, the Agricultural Bank of China and insurance companies. All these procedures cannot be accomplished by one financial institution and no procedures can be replaced by any other. Therefore, all the institutions of the financial system must actively cooperate with the reform of the foreign trade structure and the development of foreign trade business, actively support and provide services for foreign trade and do the work of supervision well under the unified leadership and management of the central bank.

BAN YUE TAN REVIEWS ECONOMIC SITUATION

HK260417 Beijing BAN YUE TAN in Chinese No 11, 10 Jun 86 pp 8-10

[Article by BAN YUE TAN Economic editorial office: "Economic Situation in the First 5 Months of This Year"]

[Text] During the first 5 months of this year, China's economic development continued to maintain its momentum of coordinated and stable growth. A personage in the economic field has described economic development of the first few months of this year as a summer scene of Xi Hu: "Lotus leaves linking up with the sky are luxuriantly green, whereas lotuses upon which the sun shines are particularly red."

Agriculture is the foundation of the national economy. On the basis of a good harvest last year, agricultural departments have rationally readjusted the acreage under grain, and changed the situation of continuous decrease of acreage over the past few years. This year's summer harvest of grain is expected to be good, except for two or three provinces. With regard to the work of purchasing grain based on contracts, the confirmed amount of grain purchase has accounted for 99 percent of the purchase quotas fixed by the state in the contracts. In most regions, grain purchase quotas have been assigned to peasant households. There is a more rational distribution of the new vital force of the rural commodity economy - 3 million specialized households throughout the country working in the fields of planting, industry, animal husbandry, catering trade, service trade, transportation, building construction, and so on. In the meantime, there is a new trend of joint operation by specialized households.

Industrial production is a main source of financial revenue of the state. During the first 4 months the growth rate of the total industrial output value was 4.2 percent higher than last year. Last year's growth rate was a high as 23.3 percent. Such a growth rate was not low. According to statistics issued monthly, there is a proper ratio between light and heavy industries, between processing industry and energy, communications and transporation, and between power production and industrial and agricultural production. All this shows that the present growth rate is normal.

Energy production is encouraging. In the past, the growth of electric energy production was always 50 percent lower than that of total industrial output value. However, the monthly growth rate of electric energy production has exceeded that of total industrial output value since the beginning of this year.

A buyers' market for coal has continued to occur in some localities. Coal mines under unified control by the state have continued to overfulfill their production quotas. The growth rate of some light industrial products is gratifying. Production output of watches, color television sets, recorders, cameras, electric fans and refrigerators was 10 to 60 percent higher than the same period last year. During the next sugarcane reaping season, production output of sugar is expected to exceed 5 million tons, 70 tons higher than last season, which was a record output since the founding of new China. During the first 4 months of this year, production output of beer was close to 1 million tons, an increase of 35.8 percent over same period last year. Production output of canned food, dairy products and other things also increased by a big margin. The output of pure cotton cloth, which had been unsalable over the past few years, increased considerably. Production output of silk, silk knit goods, woolen goods, wool, etc., went up by a larger margin. There was considerable growth in the production output of steel products, wood, cement and plate glass in the raw and processed materials industry, as well as generating facilities, precision machine tools, and other things in the machine building industry.

According to the instructions issued by the Central authorities, the growth of investment in capital construction has begun to slow down. The number of new capital construction projects was 1,228 less than the same period of last year. During the first 4 months of this year, the investment amount of capital construction projects by units under ownership by the people only increased by 1.3 billion yuan over same period of last year. The growth rate was under two figures. This rarely happened in recent years. It is precisely because of this that the progress of 190 key construction projects of the state has been accelerated. Conditions have existed in some departments in charge of communications and transporation, goods and materials, facility manufacturing and so on, and regions concerned to give the green light to these key construction projects.

A stable market and the increase of commodities kept in stock are other characteristics of this year's economic situation. During the first 5 months of this year, total retail turnover of social commodities of the whole country increased by about 10 percent over same period last year. Judging from the retail market situation in April and May, we know that the sale volume of vegatable oil, sugar, cigarettes, pork, eggs and other nonstaple food increased, and that the supply of these good was better than previous years. Since the start of the free market in nonstaple food, the margin of increase of retail price index has gradually dropped month by month. In April and May, pork and fresh eggs sold well. There was a downward trend in their retail market price. In Hebei, Jiangsu, Shandong, Sichuan and other provinces where the supply was ample, the retail price of pork and fresh eggs was 10 to 20 fen per jin lower than the same period last year. In some regions, their price returned to the level before the start of the free market.

The reserve of products and commodities has also markedly increased since this year. Of 21 kinds of main good and materials, the reserve of 16 kinds increased. There were only 5 kinds of goods and materials which had dropped in their reserve. Although there was a fairly large quantity of unsalable commodities, the supply of high quality and famous-brand commodities was still insufficient.

A new development has also been achieved in foreign trade. According to statistics, the export volume of the first 4 months of this year was 9.5 percent higher than same period of last year. The growth of imports was higher than that of exports. However, in import commodities, the increase in the means of production was higher than that of exports. However, in import commodities, the increase in the means of production was higher than that of the means of subsistence. The situation of incomes and expenditure in foreign exchange in various fields other than trading was also good.

Financial revenue increased and withdrawal of currency from circulation continue to improve. From January to April, financial revenue at home, based on comparative approach of calculation, increased by 7.1 percent over the same period of last year. Revenue far exceed expenditures. The amount of currency withdrawn from circulation increased by some 7 billion yuan or so over the same period last year. By the end of April, saving deposits of urban and rural residents reached 182.3 billion yuan, an increased of 20.1 billion yuan over early this year.

The overall economic situation in our country has been good since this year. However, some problems have occurred. The main problem is that in some regions, the development of industrial production is not even, and its economic results are not satisfactory. From January to April, profits and tax of industrial enterprises dropped. The profit tax they turned over to the state also decreased. Their material consumption and production costs have gone up, whereas their product quality has declined. They have suffered from more losses incurred in more fields. The main reasons for these problems are: in some localities, enterprises have slackened their efforts to grasp ideological and political work for the workers and staff members. Their sense of economic responsibility has been weakened. The implementation of the responsibility system of factory managers is not effective enough. The line of demarcation has not yet been clearly drawn in the process of overcoming unhealthy trends. Enterprises are short of circulating funds. At present, efforts are being made to solve these problems.

With the continuous improvement and implementation of measures for reform in cities, and sufficient progress in ideological and political work, we believe that our industrial production and economic situation will further develop in the months to come. According to an estimate made by some experts, the growth rate of total industrial output value of our country will be faster during the latter half of this year. The growth rate of the total industrial output value of the whole year will be as high as about 8 percent.

RENMIN RIBAO ON ENLIVENING COLLECTIVE ENTERPRISES

HK260425 Beijing RENMIN RIBAO in Chinese 23 Jun 86 p 1

[Text] The third national workers' congress of light industrial collective enterprises opened in Beijing yesterday. This is a grand gathering of China's light industrial collective enterprises, and we wish it success.

The light industrial collective enterprises have been developing on the basis of the cooperative transformation of China's handicraft industry. Under the influence of the "leftist" guiding thought, the collective economy of light industry developed slowly for a long time. Since the 3d Plenum of the 11th CPC Central Committee, after bringing order out of chaos, we have gradually corrected some wrong ideas on collective economy.

"The decision of the CPC Central Committee on reform of the economic structure" further stated: "The collective economy is an important component of the socialist economy, and we can give the collectives a free hand in running enterprises in many areas of production and construction." The party's policy of carrying out reforms and enlivening the economy has vigorously promoted the development of the light industrial collective economy.

Adhering to reform is the only way to develop the light industrial economy. Over the past few years, the CPC Central Committee and the State Council have formulated and issued a series of policies on supporting and developing collective economy, but these policies have been implemented to different extents in different areas. Some comrades still harbor confused ideas on the nature, characteristics, position, and role of collective economy, and treat developing collective economy as an expedient. Some areas and departments even went so far as to violate policies, transfer resources without compensation, and appropriate property of collective enterpries. They wilfully encroached upon the decision-making power that enterprises should have in business operation, thus seriously dampening the enthusiasm of staff, workers, and cadres of collective enterprises. The only way to enliven light industrial collective economy is to adhere to reform and to earnestly implement the relevant policies of the CPC Central Committee and the State Council.

An important content of the reform of light industrial collective enterprises during the Seventh 5-Year Plan is to run enterprises in strict accordance with the nature and characteristics of collective economy. Over the past few years, the light industrial collective enterprises have learned the experiences of the rural responsibility system with contract linked to output, and more than 80 percent of them have instituted various contract responsibility systems. In the furure, we must gradually and closely integrate this reform with the reforms in other aspects of the enterprise management system and factory manager responsibility system, and make it a system. We must strengthen democratic management, adhere to the principle of distribution according to one's work, and gradually carry out pricing reform to change the previous phenomenon of restrictions on the expansion of varieties and the upgrading of the quality of small commodities due to the excessively strict price control system. It is necessary to continue the measures and methods of reform that have been proven effective in practice. Powers that should be assigned to collective enterprises must be assigned to them, and must not be recovered under any excuse. We must correctly handle the relationship between the state exercising macroeconomic control and giving free hand to and enlivening enterprises, and correctly handle various complicated relationships in the switch from the old to the new system to ensure the healthy development of the reform of collective enterprises.

Historical experience has proved that only by adopting policies of encouragement, support, and protection can light industrial collective economy develop in a healthy way. If we adopt the policies of discrimination, restruction, and suppression, light industrial collective economy would suffer setbacks.

At present, most collective enterprises have a weak economic foundation, lack funds and talented people, have poor technological equipment, are deficient in raw materials, and shoulder heavy social burdens, so they are unable to transform and develop themselves. To tap potentials of light industrial collective enterprises, it is necesary to rely on a series of policies and all areas and departments must assist them in various fields. Only thus can light industrial collective economy develop in a steady, continuous, and coordinated way during the Seventh 5-Year Plan period.

Enterprise Growth Urged

OW230752 Beijing XINHUA in English 0544 GMT 23 Jun 86

[Text] Beijing, June 23 (XINHUA) -- Democratic management is of paramount importance for vigorous growth of light industrial collective businesses, an editorial of the WORKERS' DAILY stated today.

"Collective enterprises are independent economic organizations in which laborers jointly own the means of production, work together and receive remuneration according to work," explained the editorial marking the third national congress in light industrial collective enterprise employees which opened here Sunday. "This makes it absolutely necessary for collective businesses to be democratically managed and ensure that employees can act as masters of their enterprises," it pointed out.

According to the paper, 7.45 million employees in such enterprises provide daily necessities and small merchandises for domestic and foreign markets. Under China's Constitution, collective businesses practice democratic management and their employees have the right to elect and recall management staff and make major decisions on management and operations. The editorial called for improving the system of the workers congresses to strengthen democratic management and ensure the employees' democratic rights. "The congress should meet regularly to discuss and take decisions on the growth of enterprises and the workers' interests," it said.

The congress is a body and authority in collective businesses, rather than a consultancy or a supervisory organization, the editorial explained. Once elected by the congress, business executives have responsibility for production and management. "But directors must report on work to the congress regularly and solicit employees' opinions," it said, adding that the congress has the right to recall directors who prove unqualified.

Meanwhile, a commentator's article in today's PEOPLE'S DAILY called for aid to collective businesses and their protection to ensure sustained, balanced and stable growth in the next five years.

PROVINCIAL LEADERS VIEW OBSTACLES TO LATERAL TIES

HK260653 XIAN XIBEI XINXI BAO in Chinese 16 Jun 86 p 1

[Article by Shaanxi Provincial External Economic and Technical Cooperation Commission: "Some Provincial CPC Committee Secretaries and Governors Point Out That There Are Great Obstacles to Lateral Ties"]

[Text] Liaoning Provincial CPC Committee Secretary Guan Shuren recently pointed out that a major problem currently affecting and hampering the developmenmt of lateral ties is that the leaders of certain areas, departments, and enterprises have still not fundamentally solved the question of their understanding of the significance of this work.

This is mainly shown in the following ways: 1) Some enterprises leaders, accustomed to a closed-style of "large and complete" or "small and complete" production, always feel that it is better that one should have something onself rather than that others should have it; they enthusiastically engage in forming their own system, and avoid seeking help from others in any circumstances. 2) Some people only stress microeconomic results instead of all-round economic results. Enterprises with good sales outlets are afraid that if they forge ties the number of their competitors will increase. Some large enterprises fear that medium and small enterprises joining in ties will fly away still unfledged, so they are wary and leave room for maneuver in forging ties. 3) Some enterprise leaders lack strategic vision and regard ties as just an expediency; they view the organization of ties as something of little account and are unwilling to work hard at it. 4) Enteprises vie with each other for the "leading position" in forging ties; if I am the dominant factor in the tie-up, then I work positively; if others are the "leaders" and I am just in a "supporting role," than I have no interest. 5) Some areas and departments, accustomed to old management methods, only allow the enterprises to forge ties within their own area or department; they are afraid that ties spanning different areas, departments, and trades will result in taking the enterprises away, while their own powers are diminished and their own interests are uncared for. They are therefore unenthusiastic about such ties and even erect obstacles and interfere with them.

Guizhuo Provincial Governor Wang Chaowen said that the idea of small production remains a major obstacle to developing lateral ties as far as remote and backward areas are concerned. Judging by the present reports from the enterprises, 1) There is fear of loss of "one's own forces," of an offspring factory "flying away," and of running at a loss; there is also far of losing one's own brand name. 2) Certain enterprises that manage to get by are content with a "comfortably well-off" standard, and slowly get on with production behind closed doors, instead of diffusing it among small enterprises and township enterprises, since they have lingering love for the "large but complete" or "small but complete" pattern. 3) Certain areas with rich resources only think of asking the higher authorities for money instead of teaming up with other units to exploit these resources.

Hunan Provincial Governor Xiong Qingquan said that when lateral ties are mentioned, everyone raises his hand in assent, but the moment real ties are forged, certain people come out to interfere, raise awkward questions, and erect obstacles. This shock wave hits our own heads at all levels and in all departments. This means that the resistance to lateral ties maybe coming from our own departments in charge and ourselves, not from elswhere.

JIEFANGJUN BAO REPORTS DEEDS OF NUCLEAR SCIENTIST

OW241113 Beijing Domestic Service in Mandarin 2130 GMT 23 Jun 86

[Text] The 24 June JIEFANGJUN BAO published a report, as the leading article on the front page, on the advanced deeds of Deng Jiaxian, one of the pioneers and founders of China's nuclear arms development program, whom people describe as the father of the atomic and hydrogen bombs. In the past 2 decades and more, Deng Jiaxian made important contributions to the development of China's nuclear weapons.

In order to carry forward Deng's revolutionary spirit of seeking neither fame nor wealth, working hard and disregarding his own safety, the Ministry of Nuclear Industry recently called on the vast number of scientific and technological cadres to learn from him. Earlier, Deng Xiaoping, chairman of the Central Military Commission, signed an order and appointed Deng Jiaxian vice chairman of the Science and Technology Committee under the Commission of Science, Technology and Industry for National Defense.

Deng Jiaxian returned to China to start new China's nuclear physics research work in the early years of the People's Republic, soon after he received his Ph.D. degree in physics in the United States. In a situation in which the Soviet Union unilaterally tore up contracts and agreements, and there were neither data nor research facilities, Deng Jiaxian led a group of new college graduates in a research project. They made a major theoretical breakthrough on the atomic bomb, and completed a theoretic design for an atomic bomb in as little as 6 months.

China's successful development of the atomic and hydrogen bombs was amazingly fast, thanks to the foresight, sagacity, and leadership of Deng Jiaxian and other scientific research organizers. Deng Jiaxian set three research orientations based on his knowledge of nuclear science, thereby accelerating China's development of nuclear weapons. He used modern management methods, formulated strict rules and regulations, paid attention to arousing enthusiasm, relied on collective wisdom, and thus made important academic progress.

Deng Jiaxian has been engaged in China's development of nuclear weapons for more than 20 years. He personally took part in, and made final conclusions on, research and exploration of many important theoretic questions and wrote many plans, but never claimed authorship. He often told young comrades: you must be ideologically prepared to seek neither fame nor wealth before you come here, but your work must attain the world's advanced level.

He once concealed his identity and worked his heart out for the motherland's national defense science and technology. His willingness to remain an unknown hero was in the national interest. A contingent of scientists and technicians capable of passing the stiffest test has been formed under the influence of his lofty moral character and leadership.

YANG SHANGKUN, QIN JIWEI AT PHOTO EXHIBITION

OW192249 Beijing XINHUA Domestic Service in Chinese 1338 GMT 19 Jun 86

[Excerpts] Beijing, 19 Jun (XINHUA) -- More than 100 photographs on military subjects taken by Wang Jianmin, a young photographer, were put on display in the Chinese Art Gallery in Beijing today. The photographs show the progress of PLA's revolutionization, modernization, and regularization.

Central Military Commission Vice Chairman Yang Shangkun and Beijing Military Region Commander Qin Jiwei cut the ribbon for the photo exhibition which is entitled "The Most Lovely Persons of Our Time." Responsible persons of the departments concerned Shi Shaohua, Wu Yinxian, and Guo Chaoren attended the opening ceremony.

FUJIAN: CHEN GUANGYI ATTENDS PARTY RECTIFICATION MEETING

OW241331 Fuzhou FUJIAN RIBAO in Chinese 15 Jun 86 p 1

[Excerpts] A meeting of the provincial CPC COmmittee's Standing Committee on 13 June called for promoting rural reform and economic development in carrying out party rectification, and for tightening party discipline and strengthening the building of party organs at the grass-roots level with the increasing efforts to open up to the outside world and enliven the domestic economy.

Chen Guangyi, secretary of the provincial CPC Committee, presided, and Zhang Yumin, member of the provincial CPC Committee's Standing Committee and deputy head of the provincial CPC Committee's group for guiding party rectification, reported on the guidelines of the seminar on party rectification, convened by the Central Commission for Guiding Party Rectification in Nanjing, and on the implementation of those guidelines.

The meeting noted that, with smooth progress and sound development, Fujian has achieved considerable success in party rectification. Under the encouraging situation in rural party rectification, the province should fully and realistically affirm its achievements in party rectification. However, it should also notice that unbalanced development in various places has given rise to many problems. Party committees at all levels should retain their composure, continue to increase their leadership over party rectification, and offer appropriate guidance. Without relaxing in the least, they should pay close attentin to doing a good job in carrying out the latter stage of rural party rectification, make more thorough efforts, and achieve greater results.

The meeting stressed the need to take a clear-cut and specific approach to upholding the guiding ideology of promoting and protecting rural reform and economic development in launching rural party rectification.

The meeting emphasized persistent efforts to conduct positive education in the course of party rectification, in order to make the party members ideologically more conscious; improve their understanding of the party's fundamental goals; strengthen their concepts of party spirit; dispel mercenary ideas; induce them to achieve prosperity through hard work, proper conduct, and law abidance; and remind them of the need to serve the people, though themselves prosperous, by leading the masses to achieve common prosperity and by playing an exemplary evanguard role in developing a commodity economy.

The meeting underscored the needs to tighten party discipline and strengthen the building of party organs with te increasing efforts to open up to the outside world and enliven the domestic economy, to remove the phenomenon of noncontrol among parties at various levels, and to give impetus to the development of material and spiritual civilizations by persevering in building the two civilizations simultaneously.

The meeting asked the provicial party rectification office to send people to investigate party rectification and its problems in coastal and hilly rural areas; to study the problems in rural party rectification and the measures and ideas to solve them; and to convene a postmortem meeting to transmitd and implement the guidelines of the seminar on party rectification held by the Central Commission for Guiding Party Rectification and for arranging the next phase in rural party rectification.

FUJIAN FOREIGN ECONOMIC RELATIONS, TRADE DISCUSSED

HK250529 Beijing XINHHA Hong Kong Service in Chinese 1414 GMT 23 Jun 86

[Text] Hong Kong, 23 Jun (XINHUA) -- Zhang Liang, vice chairman of the Fujian Provincial Committee for Foreign Economic Relations and Trade, said today: Fujian's exports to Hong Kong account for more than 30 percent of the province's total export value and its imports of Hong Kong products and transit goods account for one-third of the province's total import value.

At the invitation of the Hong Kong Trade Development Council, Zhang Liang will preside over a symposium on Fujian's foreign economic relations and trade. He said that in Hong Kong there are over 700,000 compatriots of Fujian origin, who have played an important role in making investments in their native place. Since the implementation of the policy of opening up, some 70 percent of the foreign capital (not including loans) attracted by Fujian Province has come from Hong Kong.

In discussing the prospects for economic cooperation between Fujian Province and Hong Kong, Zhang Liang said: Hong Kong's production technology in electronics, plastics, light industry, and packaging is of great practical significance to Fujian. At the forthcoming symposium the province will make public 31 imported technological equipment and cooperative production projects, in which it hopes to further strengthen cooperation with Hong Kong industrial and commercial circles.

Zhang Liang pointed out: Fujian's economic, trade, and technological cooperation and exchange with foreign countries have been very flourishing. Over the past few years, it has approved the establishment of 699 Chinese-foreign joint ventures and cooperative enterprises and foreign-owned enterprises. Of this total, 368 enterprises have started business or gone into production. In line with the state development plan, Fujian has initially developed a multilevel, multiform, and multifunctional framework for opening up to the outside world, which includes the Xiamen Special Economic Zone, the open city of Fuzhou, the Mawei Economic and Technological Development Zone, and the Xiamen-Zhangzhou-Quanzhou triangular open economic zone in southern Fujian.

Fujian Province has economic and trade exchanges with over 120 countries and regions. Its total import and export volume was $1,090 million in 1985, a 440 percent increase over that of 1978 or an average annual increase of 27.2 percent. Of this, the import volume was $600 million and the export volume was $490 million, an increase of 4,710 percent and 160 percent respectively.

Jointly sponsored by the Hong Kong Trade Development Council, the Fujian branch of the China Council for the Promotion of International Trade, and Fujian enterprises Company Limited, the symposium will be held in Hong Kong on 25 June. On that occasion, 300 people from Hong Kong industrial and commercial circles will be present.

JIANGSU: MAJOR DEVELOPMENT PLAN APPROVED FOR SUZHOU

OW260358 Beijing XINHUA in English 0153 GMT 26 Jun 86

[Text] Nanjing, June 26 (XINHUA) -- The central government has approved a big development plan for Suzhou -- often referred to as the "Venice of the East" -- which stresses the importance of preserving its ancient character.

The city is famed for its many waterways, traditional gardens and ancient buildings. It has a history of 2,500 years, and is now a big tourist attraction. A local official said that under the development blueprint, small towns would be developed around Suzhou to divert the influx of rural labor and prevent overcrowding, and service trades would be expanded. Construction of new factories and the expansion of existing ones in the city proper would be moved out. The blueprint stressed environmental protection and tree-planting. The official said new residential areas, to be built with the help of modern technology, would be designed to blend in with the city's ancient architecture.

YELLOW SEA OIL DRILLING STARTS OFF SHANDONG

OW261421 Beijing XINHUA in English 1401 GMT 26 Jun 86

[Text] Shanghai, June 26 (XINHUA) -- Sino-foreign oil companies began to sink the first well in the northern part of the Yellow Sea today. The Zhucheng 1-2-1 exploratory well is located in a 45-meter-deep area 160 km east of Qingdao, one of China's open coastal cities in Shandong Province. It is being sunk by the China National Offshore Oil Corporation, Britain's Cluff Oil PLC, and Norway's State Oil Company. A contract for the project was signed by the Chinese and British companies in October 1983, a Chinese oil official said. The British company completed seismic prospecting in a 1,350 kilometer area in 1984. Altogether, five exploratory wells sunk in the southern part of the Yellow Sea have discovered petroleum gas with a small amount of crude oil. The drilling is expected to last three months and will be done by the Chinese side.

SHANGHAI: RUI XINGWEN ADDRESSES PARTY WORKERS FORUM

OW250914 Shanghai City Service in Mandarin 0000 GMT 24 Jun 86

[Text] According to JIEFANG RIBAO, at a grass-roots level party workers forum sponsored by the editorial department of SHANGHAI ZHIBU SHENGHUO [LIFE OF SHANGHAI PARTY BRANCHES] in commemoration of the 65th anniversary of the founding of the CPC on the afternoon of 23 June, Rui Xingwen, secretary of the Shanghai Municipal CPC Committee, said: Party members and party organizations at all levels in Shanghai Municipality should become models of reform and vanguards of the four modernizations. Comrade Rui Xingwen said: As we approach the 65th birthday of the CPC, on behalf of the Shanghai Municipal CPC Committee, I wish to extend my most cordial greetings and heartfelt thanks to all party members and all grass-roots party organizations in this municipality.

Comrade Rui Xingwen pointed out: The urban economic structural reform going on in our country is, in fact, a profound revolution. Ready answers to many questions arising in reform may not necessarily be found in books. Only we party members of the comtemporary era can solve these questions in a creative way by following the basic principles of Marxism and proceeding from actual conditions. There are no ready-made models for implementing reform. We must all have the courage to blaze new trails. It is permissible to commit errors while making reform, but it is not permissible to refrain from reform. The CPC Central Committee and the State Council are pinning great hopes on Shanghai; so are the people throughout the country. While blazing new trails, all our party organizations and all party members in Shanghai must have courage and work out more measures. To support, spur on, and actively participate in reform is the best way to commemorate our party's birthday.

ZHEJIANG'S WANG FANG STRESSES EXPORT PRODUCTION

OW251018 Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 24 Jun 86

[Text] Accompanied by (Wang Xingfa), director of the Zhejiang Provincial Bureau of Rural Enterprises, Provincial Party Committee Secretary Wang Fang, Governor Xue Ju, and other provincial leaders, with great interest and zest, visited the first provincial exhibition of export commodities produced by village and town enterprises yesterday afternoon. They made some valuable suggestions on the future development of production for export by rural enterprises and on what goals should be pursued.

After asking Comrade (Wang Xingfa) how well rural enterprises were doing in earning foreign exchange by selling products overseas, Comrade Wang Fang said cheerfully: Village and town enterprises are an important force in earning foreign exchange through exports. After several years of efforts you should be able to raise the competitiveness of your export commodities and expand your share of the international market to earn more foreign exchange for the state.

Talking about his impressions of the exhibition, Comrade Xue Ju said: In manufacturing export commodities, village and town enterprises should pay attention to developing traditional handicraft products garments, silk fabrics, and materials, but the raw materials for them are available locally. If their quality is improved, these products will be quite competitive on the international market.

Comrade Xue Ju said: We should also strive to find overseas markets for our industrial products. We should give full play to the superiority of rural enterprises in manpower and effectively make use of this by mainly manufacturing standardized parts and accessories of machinery and electrical equipment. We should avoid rashly undertaking the manufacture of whole sets of machinery. Comrade Xu Ju also called for efforts to improve garment designs and food products packaging and preservation.

GUANGXI CONCLUDES RURAL PARTY RECTIFICATION CONFERENCE

HK260323 Nanning Guangxi Regional Service in Mandarin 1000 GMT 25 Jun 86

[Excerpts] A regional party rectification work conference has stressed that in rural party rectification it is essential to grasp the focal points, clearly understand the guiding ideas, persevere in conducting education by positive example, strengthen leadership, and fulfill the rectification task on time and up to the mark in quality. It is also necessary to consolidate the fruits of party rectification. Rural party rectification should spur and ensure the development of rural economy and the smooth progress of reform. This is a fundamental guiding idea that must be implemented throughout this rural party rectification.

The focal points in rural party rectification are to rectify and build the township and village leadership groups, and solve certain serious abuses of power and violations of law and discipline by township and village party-member cadres and other outstanding problems. In dealing with ordinary problems involving ordinary party members and with problems left over from past political movements, we should enhance ideological understanding by educating by positive example and learning from experiences and lessons.

The region's rural party rectification work should be basically completed by February 1987. Certain units should complete the work by the busy spring farming season in April. In order to ensure the fulfillment of the task on time and up to the mark in quality, it is essential to concentrate the leadership forces. We must make all-round arrangements and make full use of the slack farming season for party rectification, to ensure that both rectification and production can proceed smoothly. We must also focus on solving the main problems.

We must draw strict policy demarcation lines, seriously correct unhealthy trends, and promote the development of the township enterprises. The necessary expenditures of township enterprises on business activities cannot be regarded as unhealthy trends. Mistakes in work must be strictly distinguished from unhealthy trends. We must be sure to protect people's enthusiasm for reform.

The conference was held in Nanning on 23 and 24 June. Ou Jiwen, a member of the regional CPC Committee's party rectification leadership group, convened the spirit of the party rectification work conference of six southern provinces and one autonomous region convened by the Central Commission for Guiding Party Rectification. Regional CPC Committee Secretary Chen Huiguang and Deputy Secretary Jin Baosheng made speeches.

GUANGDONG: XIE FEI SPEAKS ON RURAL CULTURE

HK260357 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 26 Jun 86

[Text] This morning, Guangdong Provincial CPC Committee Secretary Xie Fei made a report at the provincial rural mass culture work conference on the role of 4-way cultural centers as important bases in building the two civilizations in the rural areas. He proposed that all parts of the province actively popularize the experiences in developing such centers, which combine the functions of spreading knowledge of science and technology, providing economic information, launching cultural and sports activities, and conducting ideological education.

Xie Fei said in his report that this type of cultural center developed in rural Guangdong represents a valuable new experience. It has opened up a new way for conducting rural cultural and ideological work in the new historical period, and is of far-reaching significance for promoting the building of the two civilizations in the rural areas. Hence, the leaders at all levels, especially the comrades engaged in rural work, must profoundly understand the changing rural scene, accurately keep their finger on the pulse of the peasants' thinking, and actively satisfy the masses' needs to get rich and to improve their cultural life.

ARTICLE DESCRIBES GUANGDONG'S DAYA BAY NUCLEAR PLANT

HK250640 Beijing GONGREN RIBAO in Chinese 20 Jun 86 p 2

[Article by Wang Wenhua: "A Milestone Erected on Daya Bay -- Information on China's First Large Nuclear Power Station"]

[Text] Guangdong nuclear power station, China's first large nuclear power station, is under construction at Daya Bay which is located on the South China Sea Coast. A few days ago, guided by engineers and technical workers from the Guangdong Nuclear Joint Venture Company, this reporter drove by car from the city of Shenzhen and covered a distance of about 70 kilometers before eventually arriving at the nuclear power station construction site -- Malingjiao. He had brought with him questions raised by his interested readers.

The location is surrounded by mountains and stands by the sea. The former mountain top, with an elevation of 67 meters, has now been leveled off and moved to the sea. Now a scene of well-ground, smooth and broad "new continent" has presented itself before us. In the middle of the construction site, two small eye-catching red flags are erected. This will be the precise location of the center point of the nuclear reactor. On the shore, stands a mole, 1,400 meters in length and 14 to 16 meters in height, which can resist the stormy waves of Daya Bay. Projects such as waterproof layering which is used to prevent the penetration of sea water, a 1,000-ton class wharf for loading and unloading materials, a reservoir with a storage capacity of 1.3 million cubic meters, carrier telephones, an asphalt road which links the location with Shenzhen, and others, have been successively completed. The first phase of projects for the nuclear power station, including the "five infrastructure" projects needed before construction of the nuclear power station officially began, started on 2 April 1984, and was completed as scheduled in May this year. All this has laid a solid foundation for full-scale construction and the nuclear power station facility installation projects.

Guangdong nuclear power station in Daya Bay is an economic cooperative project with the greatest value to date, between China and Western Europe. The cost of the entire project is 3.7 billion. In March this year, Guangdong Nuclear Joint Venture Company, which is jointly run by Guangdong Nuclear Power Investment Company and Hong Kong Nuclear Power Investment Company, signed letters of intent respectively with The Framatome Company of France, Electric Power Company of France and the General Electrics Company of Britain on equipment and facility supply and related engineering services for the nuclear island and regular islands. The principal part of the nuclear power station project is expected to start in September this year.

According to the project timetable, the first generating unit will go into operation in 1992. After completion of the whole project, the nuclear power station, with an installed capacity of 1.8 million kilowatts and which is equipped with pressure reactors, will generate as much as 10 billion kilowatt-hours of electricity annually.

This will be equal to 70 percent of the existing generated energy in Guangdong Province. This project is aimed not only at making up for the insufficient power supply in Guangdong, but also at demonstrating China's determination to maintain the stability and prosperity of Hong Kong. After completion of the project, 70 percent of the power generated by the nuclear power station will be available for Hong Kong.

In the command headquarters, two of the officials in charge answered, the questions raised by this reporters in great detail. They said that insufficient power supply was a great obstruction to the acceleration of the four modernizations program in China. The eastern, southern and northeastern parts of China are industrially developed regions. Their industrial output value has accounted for more than 70 percent of the industrial output value of the whole country. However, these regions are poor in energy resources. Therefore, it is our imperative task to solve the energy supply problem in these regions by developing nuclear power energy.

At present, there are more than 300 nuclear power stations in operation throughout the world. Generated nuclear power energy in France, Sweden, Finland and others accounts for more than 30 percent of the total generated power energy of these countries. A large number of developing countries are also actively developing nuclear power. In Pakistan, India and China's Taiwan Province, there are nuclear power stations in operation. China's nuclear industry has a solid foundation. The building of the nuclear power station in Daya Bay has marked the start of China's nuclear power undertaking. Like Gezhouba, its name will also go down in history as a milestone in China's power construction projects.

With regard to safety problems, responsible technical personnel of the Shen Junwen nuclear power station maintained that the Guangdong Daya Bay nuclear power station can be regarded as perfectly safe. It is equipped with pressure reactors produced by France, with three protective screens for safety purposes. It is extremely difficult for nuclear radiation to leak through these three protective screens. Nevertheless, the nuclear power station will also adopt sufficient measures to prepare for the worst, and get rid of nuclear radiation. On 21 May, Vice Premier Li Peng inspected the nuclear power station construction site. He urged departments concerned to adopt a more serious attitude and take more forceful measures to ensure the safety of the nuclear power station.

Engineers and technical workers who accompanied this reporter to inspect the project added: "The final decision to choose Malingjiao as the site of the station was made after very careful consideration of the safety problems. It took more than 3 years to choose the site. Investigations were made in more than 30 locations. The final decision was made after appraisal through discussions by 48 experts from 17 units throughout the country. The persons concerned stressed that even if a strong earthquake of force seven occurs, the nuclear power station will still stand rock-firm.

China's nuclear power industry has just started. People are paying close attention to this large nuclear power station in Daya Bay. They will follow every solid step it takes with interest.

EMBEZZLER LENIENTLY PUNISHED IN GUANGZHOU

OW250337 Beijing XINHUA in English 0148 GMT 25 Jun 86

[Text] Guangzhou, June 25 (XINHUA) -- A Guangzhou factory official whose embezzlement and bribery totalled 116,700 yuan has been dealt with leniently because he turned himself in, returned all the money and reported other criminals.

Zhang Shixiong, 37, former deputy chief of the technological section of the Guangzhou high-voltage electrical appliance factory, embezzled 115,400 yuan within one year from March 1985 by writing phoney receipts and making false reports on equipment maintenance costs, an official of the Guangzhou Intermediate People's Court said here today. He also accepted a 1,300 yuan bribery from a cutting tool factory in Anhui Province earlier this year.

He has been sentenced to three years' imprisonment with five years' probation. All the ill-gotten money is confiscated. The court official said Zhang should have been penalized severely according to China's criminal law for abusing his power to embezzle a huge sum of public money. Zhang was dealt with leniently because he showed remorse, reported his crime, returned all the illegal money and revealed other offenders, the official added.

Legal education began in Zhang's factory on April 1. His wife pleaded with him to turn himself in. He reported the affair to the Guangzhou Procuratorate on April 4.

GUANGDONG TO USE TECHNOLOGY TO 'SPUR' ECONOMY

OW241914 Beijing XINHUA in English 1446 GMT 24 Jun 86

[Text] Guangzhou, June 24 (XINHUA) -- Guangdong Province in southern China will mainly rely on science and technology to develop its rural economy in the future, according to a high-ranking local official. Speaking at a recent meeting, Guo Rongchang, deputy secretary of the provincial Communist Party Committee, said this is part of the country's "sparking plan". The plan, created by the State Science and Technology Commission, is aimed at developing practical technology to spur China's rural economy. It covers 24 major sectors including the development of mountainous areas, aquaculture, livestock farming, and processing of farm and sideline products.

Guo, who is in charge of rural work, said that with rural reform going ahead in the province, the role of science and technology has shown more and more importance in rural economic development.

From now on, he said, the province will mainly depend on science and technology to develop rural productivity, and modern means of production should gradually take the place of old ones. "This is a big change in our guidelines for rural economic work," he said.

The province will give technical training to 50,000 educated young people for its township-run factories during the Seventh Five-Year Plan (1986-1990), he said.

Other projects include developing technology and equipment for rural factories, establishing 25 research and production centers, and arranging 200 science demonstration projects.

For the near future, emphasis will be laid on developing aquaculture, poultry breeding, fodder processing, production of foodstuffs and daily necessities, mining, construction and storage and packing techniques.

HUNAN'S MAO ZHIYONG STRESSES NEED FOR GOOD TEACHERS

HK260303 Changsha Hunan Provincial Service in Mandarin 2200 GMT 25 Jun 86

[Excerpts] According to HUNAN RIBAO, provincial CPC Committee Secretary Mao Shiyong said at a recent meeting that mobilizing ex-teachers to return to their former profession, reducing the number of district and township education administrative personnel and organizing them to return to teaching in school, and building a stable, ample, and well-qualified teachers contingent represent a current important measure and urgent task in strengthening basic education. This is also the most important practical thing that the party and government leadership at all levels can do for education. The party committees and government at all levels must learn from the Changde Prefectural CPC Committee and Commissioner's Office and summon up great resolve to do this work well. The task should be basically completed by September.

In recent years some 3,800 backbone primary and secondary school teachers have been transferred to party and government organs and various other departments in the province, or have switched to other work. Some 10,000 teachers have been transferred to upper-level education departments as non-teaching administrators. This has caused serious instability in the secondary and primary teacher contingent.

The Changde Prefectural CPC Committee and Commissioner's Office have acted in light of the instructions of the central departments concerned and the provincial CPC Committee and government and taken resolute action to mobilize teachers to return to their former profession and reduce the number of administrative personnel, with good results.

Comrades Mao Zhiyong, Liu Zheng, and Wang Xiangtian pointed out at the meeting that if the whole province can act like Changde and summon up resolution to tackle the work, the province will easily be able to mobilize several thousand or as many as 10,000 teachers to return to the schools to teach. This would be the equivalent to 1 year's output of all teacher-training colleges and schools in the province.

SICHUAN: CHONGQING SUPPORTS FACTORY REFORMER

OW231406 Beijing XINHUA in English 1340 GMT 23 Jun 86

["News Feature: Joys and Hardships of Reformers" -- XINHUA headline]

[Text] Chongqing, June 23 (XINHUA) -- After experiencing undue criticism, factory directors in Chongqing City, Sichuan Province, are regaining confidence in their decision-making powers with the enthusiastic support of the municipal leadership.

Liu Guyin, 55, a director of the Chongqing Rubber Belt Factory, is one of the successful managers who experienced the joys and hardships of a reformer.

When she was appointed director in 1982, she took over from a group of unqualified cadres. She set up detailed production regulations and in three years, the economic results propelled the factory from the bottom to the top of the country's 300 rubber belt enterprises.

Early last year, she organized a meeting to promote rubber belt sales. It unexpectedly brought the factory a profit of one million yuan. However, because of the meeting, she was blamed for "going too far in the reform".

There was a stir in the city when she became the target of criticism in the press and was put under investigation by some discipline and financial inspection teams. The criticism centered around some popular singers who performed for potential buyers and the excessive use of funds on the meeting. Some people even used the event to launch unjustified accusations.

For a period of time, Liu was in a deep depression and doubted her fate as a path-breaker. But many of her fellow workers supported her. The city authorities also sent officials to the factory to check facts. They fully confirmed the merits of the director and encouraged her to go on with her reforming programs.

"CHONGQING DAILY" made a public apology for its inaccurate report on the factory.

The mayor of Chongqing, Xiao Yang, told XINHUA that it is especially urgent now to create an atmosphere which encourages people to take up creative methods in economic reforms.

Since 1983, about 400, or one-third of the enterprises under the direct leadership of the Chongqing government, now employ the manager responsibility system in which factory managers can appoint deputy directors and other assistants and can set up rules and regulations governing production and discipline. With their intelligence and creativeness, many new leaders have helped their enterprises make unprecedented profits and also improved the economic benefits of the employees.

A new regulation issued by the city government last month stipulated that these directors cannot be removed from their posts at the will of their superior departments without reason.

An official of the municipal committee for economic restructuring told XINHUA that while exercising their power over the personnel, reward and penalty systems, the new leaders would unaviodably affect some people's interest and conventional ideas.

That is why some people looked for minor flaws in the enthusiastic reformers. "Mistakes are unaviodable in the process of reform, the result of which hinges China's future," he said. "Therefore we must warmly support the initiative reformers and help them remove obstacles."

In another case, the city authorities discovered that false accusations had been made against five officials from four furniture factories. Public meetings were then held in these factories to clear facts and confirm the achievements of reform. Because of the enthusiastic support of the local government and Communist Party authorities, many factory managers now are more confident in their work.

Liao Bokang, secretary of the municipal party committee, wrote a letter to Ye Zubi, 49, an official of the furniture factory, to show his support. Ye said: "I firmly believe that reformers nowadays have a much brighter future than those in the past."

SICHUAN DISCUSSES JUVENILE DELINQUENCY PROBLEMS

HK150247 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 13 Jun 86

[Excerpts] The work of educating and saving young delinquents is currently facing a new situation and urgently needs reforming and strengthening. This was a major topic of a provincial conference on helping and educating juvenile delinquents who commit minor crimes, which concluded in Chengdu today under the auspices of the provincial Public Security Department.

The province has scored a certain degree of success in helping and educating young delinquents in recent years. A number of minor offenders have mended their ways after education. From 1983 to 1985, over 70 percent of those helped and educated were properly reformed and ceased their activities.

However, juvenile delinquency remains a very prominent problem today. It has become a problem threatening public order, and it must not be neglected. Youths and juveniles are involved in a high proportion of crimes.

The participating comrades held that the fundamental reason why the juvenile delinquency problem has not been completely solved is that measures for dealing with the problem in a comprehensive way have not been firmed up. They appealed to the departments concerned to pay sufficient attention to the work of helping and educating delinquent youths and juveniles. Under the leadership of the party committees and government, it is necessary to mobilize all units and departments and the grass-roots party and government organizations in the rural areas to tackle this task together and score still greater achievements in providing help and education.

YUNNAN URGES IMPLEMENTING POLICY ON INTELLECTUALS

HK200237 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 19 Jun 86

[Excerpts] The Yunnan Provincial CPC Committee held a meeting of responsible persons of provincial units on the afternoon of 19 June, which called on all provincial units to basically complete by year-end the task of implementing policies on intellectuals.

A responsible comrade of the Organization Department of the provincial CPC Committee pointed out: Some provincial units have recently done well in implementing the policies on intellectuals. The leaders have attached importance to this work, and the work has progressed well. Some have basically completed this task. However, progress has been slow and work mediocre in many units. This is very unfavorable for meeting the province's deadline for implementing the policies on intellectuals. He put forward the following views for the next stage of this work in the provincial units:

1. The party organizations must seriously study the spirit of the relevant central documents. They amust also strengthen and augment the work groups for implemlenting the policies on intellectuals, establish work responsibility systems, increase inspection and supervision, and go deep into reality to discover and solve problems.

2. Victims of miscarriages of justice during and before the Cultural Revolution who have not yet been rehabilitated must have the verdicts on them promtly corrected. We must help those who have been rehabilitated to resolve problems of the aftermath. Those who have not been completely rehabilitated must be completely rehabilitated, without any stain being left.

3. We must seriously and fully review personnel files on intellectuals that have not yet been reviewed. We must assign reliable people with upright work style who are trusted by the intellectuals to take charge of this work.

4. We must seriously return property and housing taken from the intellectuals during the Cultural Revolution. We must also carry out ideological and political work on those people currently holding intellectuals' property and occupying their houses. Salaries withheld from intellectuals during the Cultural Revolution must be made up in full. College graduates sent back to their hometowns during the 3 difficult years should be taken back and have work assigned by their original units. We should also hurry to solve problems of separation of husband and wife or transfer of household registration from rural to non-rural areas resulting from work arrangements and so on. We should solve problems of recruiting intellectuals into the party.

Liu Shuji, deputy secretary of the provincial CPC Committee and head of the provicial liaison group for work concerning intellectuals, spoke at the conclusion of the meeting.

BEIJING MAYOR ATTENDS PUBLIC SECURITY MEETING

SK250447 Beijing BEIJING RIBAO in Chinese 11 Jun 86 p 1

[Excerpt] On the afternoon of 10 June, the Beijing Municipal CPC Committee held a conference to make arrangements for carrying out a drive of severely dealing blows to those who seriously jeopardize public security and social order.

Chen Xitong, secretary of the municipal CPC Committee and mayor of the municipaltity, presided over the conference. Li Guang, Standing Committee member of the municipal CPC Committee and secretary of the Political and Legal Commission of the municipal CPC Committee, and Feng Ming, vice mayor of the municipality, attended the conference.

In their speeches to the conference, responsible comrades of the municipal CPC Committee pointed out: The capital's public security situation has been generally good since the beginning of this year. There exists a prominent problem in which the number of criminal cases, serious criminal cases in particular, continues to increase. Such serious criminal cases as murder, rape, robbery, and theft and cases involving hooligans assaulting people have seriously damaged public order. Thus, we should concentrate this struggle on dealing blows to murderers, rapists, robbers, bomb planters, arsonists, serious thieves, and hooligans who assault women.

Responsible comrades of the municipal CPC Committee pointed out: The struggle against serious criminal offenders who jeopardize public security and social order is a matter which will decide whether or not the capital can attain the goal of realizing a stable turn for the better in public security, ensure the smooth progress of the two civilizations, and safeguard the people's lives and property.

The municipal CPC Committee called on CPC committees and governments at all levels to vigorously grasp the propaganda and mobilization work and urged all localities and units to hold meetings of party members, CYL members, and cadres and mass rallies to ferret out criminal activities jeopardizing public security and social order. All departments and units should regard this struggle as an important task and firmly attend to it. On the basis of conscientiously analyzing and studying the public security situation, we should formulate specific measures for safeguarding public security, organize powerful working groups headed by leading comrades on a responsibility basis to take charge of waging the struggle, strengthen supervision and examination, and firmly and deeply grasp the struggle.

XING CHONGZHI AT HEBEI MEETING ON RECTIFYING PARTY STYLE

SK232135 Shijiazhuang HEBEI RIBAO in Chinese 5 Jun 86 p 1

[Excerpts] This afternoon, the provincial party rectification leading group held its fourth party rectification meeting of provincial organs.

The meeting stressed that in rectifying party style and in consolidating discipline in particular, we should not slacken our efforts to implement the policy of "being first resolute and second persistent in doing our work," and should continue the work in a dovetailed manner.

At the meeting, the provincial Public Security Department, the provincial Labor and Personnel Department, the general office of the provincial government, the provincial Light Industrial Department, the provincial Supply and Marketing Cooperative, and the general office of the provincial CPC Committee submitted written reports to the meeting to introduce their situations in consolidating discipline and handling cases.

A comrade of the investigation group of the provincial Discipline Inspection Commission gave an account of the problems concerning the serious violations of discipline in the course of selecting and appraising the province's "10 top" sportsmen.

Han Guang, permanent secretary of the Central Discipline Inspection Commission; Xing Chongzhi, secretary of the provincial CPC Committee; and Bai Shi, member of the Standing Committee of the provincial CPC Committee, secretary of the provincial Discipline Inspection Commission, and deputy director of the party rectification leading group of the provincial organs, attended and spoke at the meeting. Lu Chuanzan, member of the Standing Committee of the provincial CPC Committee and secretary general, presided over the meeting.

Comrade Xing Chongzhi also gave a speech, in which he said: Hebei Province has favorable conditions because at present, we have the party's correct policies and the enthusiasm of the broad masses of people. The key to making our work successful lies in the work of our leaders at all levels. The broad masses of cadres should promote the spirit of the foolish old man who removed the mountain and do their work well. Does the current rectification of party style affect reform? The rectification of party style in our Hebei Province has promoted reform. Persisting in reform is our primary task and rectifying party style is an important guarantee for the smooth advance of reform. We should not slacken our efforts to grasp the rectification of party style, and should grasp the work earnestly for 2 years. He stressed: While rectifying party style and consolidating discipline, the party organizations at all levels should pay attention to improving the democratic life, and persist in democratic centralism, because they have a vital bearing on consolidating the party rectification achievements. The inner party life should be regularized. It is necessary to promote democracy and conduct criticism and self-criticism. Leading cadres of the party should receive supervision from the party members and the masses. At the end of his speech, Comrade Xing Chongzhi expressed the hope that the various provincial units will firmly foster the idea that leadership means service, render better service to the lower and the grass-roots levels, thoroughly change our work style, do a good job in reform, and advance our economic work.

TIANJIN BUILDS GROUND SATELLITE STATION IN DAGANG

SK270354 Tianjin City Service in Mandarin 1330 GMT 26 Jun 86

[Text] The Dagang district broadcast station in Tianjin Municipality recently completed building a satellite ground reception station. On 24 June the station was put into trial operation. The reception during the trial operation was very good.

GANSU MEETING DISCUSSES RURAL PARTY RECTIFICATION

HK240159 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 23 Jun 86

[Text] At the provincial forum on rural party rectification work which concluded on 23 June, Hou Zongbin, deputy secretary of the provincial CPC Committee, and Wang Zhanchang, member of the Standing Committee of the provincial CPC Committee and permanent deputy head of the provincial CPC Committee's party rectification leadership group, stressed that all localities must further strengthen leadership and do a good job in rural party rectification work from beginning to end.

Party rectification has been launched in an all-round way in the province's township seats and in enterprises and units below county-level since the rural party rectification work forum in March. According to statistics, party rectification has now been completed in 30.9 percent of the township seats in the province. A further 31.1 percent are now conducting comparison and examination or rectification and correction.

Rural party rectification has not developed evenly during this period. In some places slow progress has been made in investigating and dealing with major violations of discipline, and action has been ineffective.

In view of these problems, Hou Zongbin and Wang Zhanchang said that the party organizations at all levels must regard the implementation of Comrade Hu Yaobang's important instructions delivered during his inspection of Gansu as the guiding ideas for rural party rectification. They must conduct education in party spirit for party members in a variety of ways, and help them to establish great ideals and play a model and leading role in developing commodity production, promoting diversification, and building the two civilizations in the rural areas.

Hou Zongbin and Wang Zhanchang also demanded that all localities start party rectification by grasping major and important cases, focusing on solving problems of abuse of power and violations of law and discipline. It is necessary to break through networks of relationships, clear away interference, carry investigations through to the end, and ensure the proper completion of rural party rectification work in Gansu.

GANSU FORUM EXAMINES QUESTIONS ON PARTY STYLE

HK260233 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 25 Jun 86

[Excerpts] A provincial symposium on work regarding party style concluded in Lanzhou on 25 June. The meeting was attended by leading comrades of the province including Li Ziqi, Huang Luobin, Jia Zhijie, Liu Bing, Wang Bingxiang, Hou Zongbin, Lu Kejian, Wang Zhanchang, Ma Zuling, Wang Jintang, and (Song Jingchun). Provincial CPC Committee Secretary Li Ziqi conveyed the important instructions delivered by Comrades Hu Yaobang and Tian Jiyun during their inspection of southern Gansu, Lanzhou, Dingxi, and Pingliang. He also made an important speech on the province's implementation of the central instruction on doing earnest work for 2 years to straighten out party style.

Hou Zongbin, deputy secretary of the provincial CPC Committee, and Wang Zhanchang, member of the Standing Committee of the provincial CPC Committee and secretary of the provincial Discipline Inspection Commission, respectively spoke on the basic experiences in straightening out party style in Gansu and on how to further improve this work amid the new situation of reform.

The responsible comrades of the provincial CPC Committee stressed that in order to get a good grasp of party style in the new situation of reform, it is necessary to study the new situations, sum up the new experiences, and integrate straightening out party style with promoting economic work. We should reach the goal of both straightening out party style and ensuring and stimulating the smooth progress of reform.

QINGHAI PLANS TO DEVELOP INDIVIDUAL ENTREPRENEURS

HK241110 Xining Qinghai Provincial Service in Mandarin 2230 GMT 22 Jun 86

[Text] The provincial Industry and Commerce Administrative Bureau recently formulated a plan for developing individual entrepreneurs in industry and commerce in our province during the Seventh 5-Year Plan period. The orientation and principle for the development of individual entrepreneurs in industry and commerce in our province during the Seventh 5-Year Plan period are:

The urban industrial zones with Xining and Qaidam as the centers must actively create conditions for vigorously developing commercial information and advisory work, the repair trade, service trades, and the tertiary industry, including laundry, dyeing, running bathhouses, haircutting, running beauty parlors, preschool education, and nurseries. They must do a good job in providing services before and after production and in resolving residents' practical problems.

In the wake of the readjustment of the production structure, the eastern agricultural zones must vigorously help and recruit the surplus labor force and embark on trades, including the agricultural and sideline product processing trade, house repairing trade, communications and transport trade, repair trade, and service trade, in order to invigorate the economy, develop community production, eliminate poverty, get rich, and change the outlook.

The animal husbandry zones must vigorously do propaganda work and lead herdsmen to change their traditional customs and to develop commerce, communications, transport, the livestock product processing trade, and production of small commodities needed by herdsmen. In particular, it is necessary to vigorously support the processing and production of articles for use by nationalities.

Regarding the exploitative trades, including mining, gold mining, running small hydroelectric power stations, and greening barren mountains, the industry and commerce administrative departments must relax the conditions for examination and approval and give support in the aspects of materials, funds, factory sites, and technology. As to the repair and service trades whose labor quantity is large and charges low, the administrative charges levied on them can be suitably reduced or remitted to encourage these trades to develop.

At the same time, individual entrepreneurs in industry and commerce from other provinces and places are welcomed to our province to do business.

By 1990, the number of individual entrepreneurs in industry and commerce in the whole province will be 73,000 and the number of their workers 135,000, accounting for 3 percent of the total population of the whole province.

SHAANXI: BAI JINIAN EXPLAINS PARTY CONTRADICTIONS

HK240129 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 23 Jun 86

[Text] Shaanxi Provincial CPC Committee Secretary Bai Jinian said at a gathering of leading party-member cadres of the provinical organs on 23 June that it is essential to increase education in party spirit, seriously investigate and deal with major and important cases, clear away the remnants of feudalism, and put poltical life and democratic centralism on a sound basis in the party organizations at all levels.

Bai Jinian pointed out: All units, whether they have completed party rectification, are now in process of doing so, or have not yet started it, must regard Comrade Hu Yaobang's 9 April 1986 speech on party style and contradictions in the party as an important topic for study. The party organizations at all levels must first get a good grasp of conducting education in party spirit for party members, and especially in the program of serving the people wholeheartedly. It is essential to inherit and carry forward the glorious revolutionary traditions of the Yanan period, strengthen affection for the masses, eliminate bureaucratism truly care for the masses' interests and well-being, and do good and practical deeds for them.

Second, we must get a good grasp of investigating and dealing with major and important cases. While tackling major economic cases, we must not neglect cases that have done serious political damage to party discipline. We must seriously investigate and deal with people who deliberately insert, promote, and employ in important positions, relatives and cronies, squeeze out, deal blows at, and lay false charges against comrades whose views differ from theirs, base their judgments and sentences of cases on their own personal interests, and even deliberately perpetrate miscarriages of justice, and people whose extreme irresponsibility and serious bureaucratism cause heavy economic and political losses.

Bai Jinian stressed: In studying Comrade Hu Yaobang's speech, we must correctly view and handle the two kinds of contradictions in the party. One kind consists of contradictions between different views and opinions in work. The other kind consists of contradictions between individual interests and the interests of the party and people. Most cases of these two kinds of contradiction are not antagonistic. We should solve them mainly by conducting education and putting inner-party political and democratic life on a sound basis. However, party members who boycott the CPC Central Committee's ideas and policies in their work, who spread, outside the party organization, their own ideas and policies in opposition to those of the Central Committee, who seriously violate law and discipline, who abuse power for private interests, and who seriously damage the interests of the party and people cannot remain in the party unless they mend their ways. Those who break the state laws must be dealt with according to the law.

Li Xipu, head of the procincial CPC Committee's party rectification leadership group, at the gathering conveyed the spirit of the north China forum on grass-roots party rectification. He also outlined arrangments for grass-roots party rectification and for consolidating and developing the fruits of party rectification in units at and above county-level.

TAIWAN FISHERMEN TAKE SHELTER IN SHANGHAI HARBOR

OW261752 Shanghai City Service in Mandarin 0000 GMT 26 Jun 86

[Text] Forty-five fishing boats from Taiwan ports arrived in Shanghai Harbor on 24 Jun to take shelter from a storm. On 25 June, nearly 400 fishermen went ashore, visited Sun Yat-sen's residence, worshipped Buddha at the Longhua and Yufo temples, and visited the Boashan Iron and Steel Complex.

The Taiwan Affairs Office of the Shanghai Municipal People's Government gave a luncheon for the Taiwan compatriots at the Pujiang Hotel on 25 June. During the luncheon, Vice Mayor Li Zhaoji had a cordial conversation with the compatriots from across the Taiwan Strait, welcomed them to Shanghai while taking shelter from the storm, and wished them success in their fishing business. The Taiwan fishermen lustily sang a Taiwanese song "We Are From One Family," expressing their wish for an early peaceful reunification of the motherland.

To our knowledge, an all clear has been issued from this year's typhoon No 5. The Taiwan fishing boats will leave Shanghai Harbor for their fishing zones on 26 June.

COMMENTARY DISMISSES PRC'S 'DIPLOMATIC JUGGLING'

OW261445 Taipei CNA in English 1408 GMT 26 Jun 86

[Text] Taipei, June 26 (CNA) -- The following is a commentary by the Broadcasting Corporation of China (BBC) in Taipei entitled "Peking's Trail Balloon":

In the wake of an Argentine naval attack on an unarmed fishing vessel from the Republic of China earlier this month. Peking's Foreign Ministry sent a note to the Argentine Government to express its "concern" over the incident. The ROC representative office in Buenos Aires immediately reminded the Argentine Government that it was purely a matter between Taipei and Argentina in which Peking had no voice whatsoever. Understandably, the Argentines also ignored Peking's gesture.

Political observers believe that Peking did not really expect any official answer from Argentina but made the move anyway as a trial balloon with a view to finding out the reaction from free China and the international community.

The speculation is well-founded. Peking recently inaugurated a "Taiwan Affairs Office" in its Foreign Ministry for the exclusive purpose of creating the impression that the ROC on Taiwan is a local authority equal to post-1997 Hong Kong and Macao in status. It is natural for the communist regime to want to know how the international community responds to the gimmick. As a matter of fact, Red China began trying to pull the wool over the eyes of the family of nations several years ago when it notified foreign governments asking them not to set up representative offices in or issue entry visas to ROC citizens.

However, Peking's request has been totally ignored -- and for good reasons. First, free China has been universally accepted as a sovereign state even though its official representation has shrunk drastically since the early 1970's. In addition to more than 20 official missions abroad, the ROC has set up scores of semi-official offices in free world nations. Besides, the ROC's across-the-board progress has won recognition worldwide. Consequently, the country has been able to maintain and expand substantive relations with all but communist nations in the world.

Secondly, the Peking regime itself has nothing to show except the size of the territory and population under its control. After more than 30 years rule on the Chinese mainland, the communist regime is beset by internal problems and has nothing to boast of in external relations.

Despite the vast resources at its disposal, Red China remains the most backward and poorest country in the world. Although it has been courted by both the U.S. and the Soviet Union in recent years, the fact remains that it is no better than a regional power and is being played by the superpowers as a "card" in their geopolitical game -- and a dubious card at that.

So far as the ROC remains strong and keeps progressing, no amount of diplomatic juggling or sleight of hand by Peking will affect its international position as a constructive member of the world community.

COMMENTARY WARNS PHILIPPINES ON PRC INTENTIONS

OW251457 Taipei CNA in English 1428 GMT 25 Jun 86

[Text] Taipei, June 25 (CNA) -- The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled "Don't Be Naive":

During the recent visit of Philippine Vice President and Foreign Minister Salvador Laurel to Red China, he received assurances from Teng Hsiao-ping and Chao Tzu-yang that Peking's policy toward the Philippines is "non-intervention, non-involvement and non-interference."

Laurel seems to take the assurance at their face value. He said, and we quote "I have been emphatically assured by Chairman Teng Hsiao-ping and Premier Chao Tzu-yang that the Chinese Communist Party has stopped, I repeat stopped, all contacts with the Communist Party in the Philippines." As a result, Laurel added, the Philippine Communist Party no longer will be able to misconstrue any fraternal greetings that Red China has extended to it as encouragement of subversive activities. He also accpeted Peking's story that Red China gave material support to other communist parties only during the first 10 years of the communist regime.

With all due respect for the Philippine vice president, one must say he has been taken in by Peking's sweet talks. In our view, he and other leaders of the new Philippine Government should listen to the views of others who understand the Chinese communists better.

Now let's see what the Indonesians are saying about Peking's assurances of "non-intervention, non-involvement and non-interference." INDONESIAN TIMES said in its words:

"The Philippine Communist Party has been fighting the Philippine Government for many years with increasing success. So far the expressed attitude of Red China towards the Philippine Communist Party and other underground communist parties in Southeast Asia is that it would not provide material support but would continue to provide moral support to them. Therefore, the latest assurance from Red China does not in fact constitute any change in the Communist China's policy towards the underground communist parties operating in the Southeast Asian countries. By sending fratenal greetings to an insurgent communist party implies recognition of that party and approval of its rebellion against the government of the country, and this attitude renders dubious the assurance that Red China does not give material support. Besides, there is not means to verify the truth of this assurance.

"Actually Red China is pursuing a double-faced policy. While professing to establish friendly relations with the governments of the southeast Asian countries, it tries to keep itself in the good book of the underground communist parties of Southeast Asia so that if any of them succeeds in coming into power, Red China can immediately assume diplomatic and other relations with the new communist regime and turn it as its loyal ally."

The paper concluded its editorial comment by saying: "The Southeast Asian countries, especially the ASEAN member countries, should continue to be on their alert against Peking's policy and the activities of the underground communist parties."

While we are sympathetic with the new Philippine Government's desire to get help from all sides to resolve the country's various problems, we must warn Manila that one thing they should avoid is to put faith in communist promises or assurances.

COMMENTARY ADVOCATES RECIPROCITY IN U.S. TRADE TALKS

OW241347 Taipei Domestic Service in Mandarin 2300 GMT 22 Jun 86

[Station commentary]

[Text] Last week the Republic of China [ROC] and the United States launched a series of trade talks, which will last through the next 3 months. Last week talks were held in Taipei on opening local markets to U.S. wine and tobacco imports, while this week in Washington representatives of the ROC and the United States will hold the second round of talks on textile trade.

For the purpose of conducting these talks, the U.S. Government has formally forwarded to the ROC a plan for balancing the ROC-U.S. trade. Using trade laws as a bargaining chip and setting specific scopes and schedules, the U.S. Government has once again asked the ROC to lower tariffs, provide market access to U.S. imports, and allow more U.S. investments in local service businesses.

To cope with these talks, the ROC Govenment arranged for Chao Yao-tung, chairman of the Council for Economic Planning and Development, to invite the ministers of foreign affairs, finance, economic affairs, and communications to a meeting with the ad hoc group for ROC-U.S. trade under the Executive Yuan on 10 June to discuss the extent the ROC can accept the U.S. plan and to work out countermeasures.

It seems that these ROC-U.S. trade talks will be an arduous struggle for the ROC representatives. In addition to saluting them for their hard work, we should make the United States realize the basic facts. The ROC's switch from a long series of deficits to surpluses in its trade with the United States is not an accidental phenomenon, but is a result of many factors. It is closely related to the differences in the ROC and U.S. economic structures and to the ROC's rapid economic growth. Limited in economic scale and natural resources, the ROC naturally relies on an open and export-oriented economy. Although the ROC exports its products to all parts of the world, the strong consumer demand in the United States has singled that country out as the ROC's primary market. Moreover, the United States can well afford to import ROC goods becaue of its own huge economic scale and high incomes.

Particularly popular with U.S. consumers, ROC industrial goods have become the main import commodities for the United States. However, the ROC market potential for U.S. imports is so limited that U.S. consumer goods account for only some 7 percent, with machinery and industrial and agricultural raw materials accounting for over 90 percent. Nevertheless, the ROC market is considered to be flooded with foreign goods even with this seven percent.of imported U.S. consoumer goods. On the other hand, the ROC cannot buy from the United States the important products it needs because of restrictions imposed by the U.S. Government. Oil is an excellent example in this connection. Therefore, the U.S. representatives should be made to realize that the trade balance in favor of the ROC is by no means the result of unfair trade policies taken by the ROC.

Moreover, every nation has its own unique system and policies for national construction. These systems and policies should be respected; failing this amounts to interference in the internal affairs of that nation. The ROC should stand its ground on its wine and tobacco monopoly practices, which are part of the ROC's financial system. The United States should also respect the ROC stand in order to facilitate the talks. The process of transition from misunderstanding to understanding, through exchanges of views, that marked the talks on opening the ROC market to U.S. wine and tobacco imports should serve as a perfect model for conducting talks. It is hoped that the second round of talks on textile trade will end successfully, as a result of a complete exchange of views and mutual understanding.

In a nutshell, we sympathize with the U.S. concern over its trade deficit, and agree that ROC-U.S. trade relations should be improved by conducting talks. However, in holding these talks, the two sides should stand on an equal and mutually beneficial footing and seek fundamental and reasonable solutions to the basic causes of problems in order to resolve the ROC-U.S. trade imbalance through consultations.

ZHAO ZIYANG TO VISIT EUROPE, AFRICA IN JULY

HK270754 Hong Kong HSIN WAN PAO in Chinese 27 Jun 86 p 4

[Report: "Chinese Premier Zhao Ziyang To Visit Six Countries in Europe and Africa in July"]

[Text] Chinese Premier Zhao Ziyang will make an official visit to Yugoslavia, Greece, Spain, Turkey, Tunisia, and Romania in July. He is scheduled to leave for Yugoslavia on 6 July to begin his tour which will last for over 20 days.

WANG DONGXING REAPPEARS IN BEIJING 26 JUN

HK270238 Hong Kong TA KUNG PAO in Chinese 27 Jun 86 p 3

["Special Dispatch": "Wang Dongxing Appears in Beijing"]

[Text] Beijing, 26 Jun -- Wang Dongxing, the former leading CPC political figure, who had not appeared for a long time, was driven in a car this morning to the Wenjin Club, the entertainment center for high-ranking cadres, where he was in high spirits as he watched a martial arts display. Wang Dongxing is currently a member of the Central Advisory Commission. Also present on the occasion were Rong Gaotang, Zhao Cangbi, Liu Jianzhang, and Jiang Yizhen. Some commentators here hold that the appearance of Wang Dongxing on a public occasion shows that the CPC is striving to create a political atmosphere of relaxation and harmony.

PRC CONCERNED AT BEING USED AS DRUG STAGING POST

HK270419 Hong Kong SOUTH CHINA MORNING POST in English 27 Jun 86 p 10

[By Kevin Sinclair]

[Text] China is becoming increasingly concerned at being used as a drug-running staging post by international narcotics rings. Close links have now been forged between the national police in Beijing and law enforcement bodies in other nations to help combat shrewd drug runners who use Chinese airports as take-off points to slip drugs abroad. There is particularly close and active co-operation between the Guangdong Public Security Bureau, the Chinese Customs Service, the Royal Hong Kong Police and the Hong Kong Preventive Service.

In the past 18 months there have been at least seven major cases, mostly in the New Territories frontier area, involving the seizure of opium, cannabis, mandrax and other artificial depressant drugs. They are thought to have been smuggled into Hong Kong across the border. But although Hong Kong remains a convenient base for smugglers, the focal point for drug runners has moved north.

When China opened its doors to the outside world, drug smugglers were among the first eager people to duck inside. As communications have improved, so the flow of drugs has grown. China has carried out a relentless campaign to clamp down on drugs. Although figures are not available, it is known that people caught dealing in narcotics have been executed.

The profits are such that the traffic continues despite the risk of a bullet in the head.

According to reliable sources within China, Hong Kong, Australia and South East Asia, there are two main routes that take drugs into China and out to the world. The first involves Hong Kong.

Chinese law enforcement officials have told visiting police that opium is being smuggled into southwest China then taken overland to Hong Kong via the Guangzhou area. The source of the drug is that old bugbear of international drug fighters, the Golden Triangle. By masterminding the traffic, the Kuomintang remnant armies there are still fighting a rearguard action against Beijing.

Another part of this pattern is by sea, with drug consignments from Thailand unloaded along the unguardable coastline of Guangxi and Guangdong and then taken by road towards the Hong Kong border. Now there are suspicions that at least some of the opium seeping eastwards from Yunnan could have been grown inside China.

The second route from South and Southeast Asia through China to the rich markets of the drug-hungary Western world is more modern and a lot more sophisticated. This involves the new air routes that link China with Thailand and Pakistan. Intelligence reports complied by international drug enforcement bodies, and confirmed by Chinese officials, say this well-oiled system sees paid couriers from Bangkok and Karachi flying into China with hand baggage full of opiates. In Chinese transit lounges, the drugs are passes on to other couriers catching aircraft for Australia, Europe or North America.

Another version of the drugs trail is to carry narcotics in suitcases, in the belief that China's inexperienced customs officials will not find skillfully hidden drugs among tourists' luggage. Once the narcotics are inside China, they can be carried with relative impunity inside the country until being handed over to the courier who is being paid to run them into a target country.

Why go to all this trouble? Ironically, because of China's good standing and reputation as a drug-free society. When a Civil Aviation Administration of China aircraft arrives in Sydney, for example, customs men are likely to be less suspicious of arriving passengers than if they had come direct from a notorious drug centre, such as Bangkok. "To say that Chinese officials are furious at their country being used in this manner is a great understatement," one American agent has said.

UNCERTAIN FUTURE OF MACAO POLITICAL PARTIES VIEWED

HK270416 Hong Kong SOUTH CHINA MORNING POST in English 27 Jun 86 p 8

[By Albert Chan]

[Text] Beijing's opposition to political parties in Hong Kong has touched a sensitive nerve in Macao, where politics is alive and well. Hong Kong's Legislative Councillors do not belong to political parties, but it is a different story in Macao, where the Legislative Assembly is made up of representatives of several major parties.

Although leaders are reluctant to label their groups as political parties, the way they operate is unmistakably political. In fact, Macanese politics has long been dominated by groups with political links in Portugal. Some Macanese have been active in the territory's complex political wrangling for years.

The best known example is the bitter row in 1984 between the leader of the Association for the Defence of the Interests of Macao (ADIM), Dr Carlos d'Assumpcao, his supporters and the then governor, which led to the dissolution of the assembly. However, Dr d'Assumpcao said ADIM should not be called a political party, "political parties are very expensive to run. We are a civic association," he said.

He is well aware of Beijing's sensitivity to party politics. "I understand China wouldn't like a fire near its door," he said.

Apart from ADIM, two other groups are prominent in Macanese politics. They are the Macao Democratic Centre (CDM), led by lawyer Dr Neto Valente, and the Macao Independent Group (GIMA), led by journalist Mr Leonel Borralho.

Mr Alexandre Ho, an outspoken commentator on Macao affairs, is the leader of a group of Chinese called Flower of Friendship and Development of Macao (FADEM).

Like Dr d'Assumpcao, he denied his group is a political party. "We are a team only," he said. He said his "team" is immature and has no strong ideological or political lines. "In Macao, the Chinese do not have any political parties. Only the Macanese do," he said.

Some observers believe China is less concerned with politics in Macao because none of the parties is anticommunist or has strong links with Taiwan. But one big question remains: whether China will tolerate the Macanese parties after it resumes control from Lisbon.

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U.S OFFICIALS SAY USSR COMPROMISING ON MISSILES

OW291746 Beijing XINHUA in English 1737 GMT 29 Jun 86

[Text] Washington, June 29 (XINHUA) -- Soviet leader Mikhail Gorbachev has told the United States that he is ready to compromise on the issue of medium-range missiles, today's NEW YORK TIMES quoted U.S. officials as saying. Gorbachev's offer was contained in a letter sent to U.S. President Ronald Reagan on Monday by Yuriy Dubinin, the new Soviet ambassador to Washington. But the Soviet leader did not specify the nature of the compromise, the paper said.

U.S. officials called Gorbachev's offer "promising" and Reagan has asked his experts to prepare reactions to the offer and other Soviet arms proposals, the paper said. Both superpowers have proposed the elimination of medium-range missiles in Europe but differ on what to do about Soviet missiles in Asia and about French and British missiles.

Reports said Gorbachev might propose that some Soviet missiles remain in Europe and Asia and that the United States be allowed to keep an equal number in Europe and elsewhere. This proposal is expected to be more acceptable to Western European and Asian countries and does not differ very much from the U.S. offer.

It was reported that U.S. State Department holds that the United States should respond positively to the Soviet proposals or risk jeopardizing the arms talks. Some U.S. officials called Gorbachev's letter "practical" and "positive". But they said its principal message was that a summit meeting between Gorbachev and Reagan would be "a waste of time" without the promise of "concrete or material achievements" on limiting nuclear arms, THE NEW YORK TIMES reported. However, Gorbachev's letter avoided any hint that this was a precondition for the summit.

WU XUIQIAN MEETS U.S. DELEGATION 27 JUNE

OW270956 Beijing XINHUA in English 0947 GMT 27 Jun 86

[Text] Beijing, June 27 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian today met a delegation from Appeal of Conscience Foundation of the U.S. headed by its chairman Rabbi Arthur Schneier. They exchanged views on Sino-American relations and international issues of common concern. The foundation was formed by religious and commercial leaders in 1965.

LI PENG MEETS U.S. INDUSTRIALIST, PARTY

OW271335 Beijing XINHUA in English 1333 GMT 27 Jun 86

[Text] Beijing, June 27 (XINHUA) -- Chinese Vice-Premier Li Peng met Thomas J. Murrin, president of the Westinghouse Electric Corporation energy and advanced technology group, and his party here today. Li briefed the visitors on China's policy of energy and developing nuclear power. He expressed his appreciation of the Westinghouse Corporation which is among the earlist to transfer the technology of a conventional turbing group to China. Murrin said that his corporation is willing to strengthen cooperation with China in the thermo and nuclear power and electronics.

DECLINING OIL PRICES, U.S. ECONOMY VIEWED

HK260901 Beijing SHIJIE ZHISHI in Chinese No 12, 16 Jun 86 pp 9-10

[Article by Shi Min: "Will the Decline in Oil Prices Bring About a New Upsurge in the U.S. Economy?"]

[Text] In 1984, the U.S. economy grew at the highest rate since 1950, but in 1985, its growth rate dropped sharply to a mere 2.3 percent. Many people, including this writer, estimated that in the latter half of this year or next year, a new economic recession would emerge in the United States. However, since the end of last year, oil prices have dropped sharply and by last April they had dropped 60 percent. The decline in oil prices has brought "good news" for Western oil-importing countries. International economic institutions and the governments of various countries one after another raised their estimates concerning economic growth rates. The Reagan administration has forecast a 3.4 percent growth rate this year and continued growth of 4 percent next year.

Indeed, the decline in oil prices is very favorable for the United States, which imports one-third of its domestic oil consumption. For example, it enables the United States to reduce its import expenditure and trade and budget deficits, by large margins, to lower its inflation and interest rates, to stimulate investment and consumption, and thus to achieve additional economic growth. It is possible for the U.S. economic growth rate to exceed that of last year, but will there be an "upsurge," as expected by the U.S. Government? My answer is in the negative. Now I am going to try to make an analysis of the reasons for this.

First, in the U.S. economic structure, the proportion of industry is declining and that of tertiary undertakings is rising. The proportion of industry in U.S. domestic production has dropped from about 40 percent in the sixties to less than one-third, while that of service trades has risen from 60 percent to over two-thirds. In its industry, the proportion of capital-intensive industry that consumes much energy has dropped; while that of technology- and knowledge-intensive industry has risen quickly. The energy elasticity coefficients for developed industrialized countries (the ratio of the rate of increase in energy consumption to GNP growth rate) has dropped from a figure of 1.1 to 1.3 in the seventies to about 0.5 now, and that for the United States is lower than 0.4. The proportion of oil in energy consumption has also dropped. Therefore, the current decline in oil prices will have a far smaller impact in promoting U.S. economic growth than the two oil price rises did in causing economic recession. According to an estimate by the U.S. magazine FORTUNE, in 1973 and 1979-80, the rises in oil prices caused increases in U.S. fuel expenditure equal respectively to 2 and 3 percent of its GNP, but the recent decline in oil prices will only reduce U.S. fuel expenditure by an amount equal to about 1 percent of its GNP.

Second, calculated at $15-$16 per barrel, the decline in oil prices wil enable U.S. enterprises and individual people to reduce their expenditure by $50-$60 billion, but only $20 billion of this will be from a reduction in imports, and the rest will be a reduction of expenditure in the purchase of oil produced domestically. The latter only means a transfer of funds within the country. In other words, as oil consumers' expenditure is reduced, so, correspondingly, will oil producers' income. Generally speaking, this part of the reduction in fuel expenditure will not bring any new stimulus to the U.S. economy as a whole.

Third, the oil-exporting countries' income will be reduced and they will reduce their imports. This will inevitably affect U.S. exports to them. For example, last year, 21 Arab countries' imports from the United States were about 50 percent less than they were the year before. This year there will be a further decline. This will offset part of the positive effect of the reduction in payments for the import of oil and will, in a relative manner, greatly hinder the growth in the production of building materials such as rolled steel, machinery, equipment, and durable consumer goods.

Fourth, owing to the decline in oil prices and the fall in inflation and interest rates, this year, U.S. investment in fixed assets other than housing will probably rise by 0.9 percent over last year, but compared with the 9.7 percent increase last year, this year's rise will be very small. However, oil companies will reduce their prospecting and exploitation investment by $6 billion; therefore, total capital expenditure will be about $484 billion, slightly more than be $476 billin last year.

Fifth, our estimate is that this year, stocks in U.S. factories and enterprises will not increase (last year's total stocks rose by only $7.3 billion over the year before, the same figure which had risen by $63 billion over the year before that). According to a recent investigation by FORTUNE MAGAZINE, in spite of the decline in oil prices, many enterprises still hope that the ratio of their stocks to sales will continue to fall. Therefore, this will not bring new stimulus to production either.

Sixth, the fall in oil prices will heighten consumers' purchasing power, and in particular will stimulate the sales of automobiles and the prosperity of the domestic tourist industry (plane and other fares will fall). However, the peak of automobile sales has already passed. Except for tourism, no service trade sector will be greatly benefited. According to estimates, total consumption expenditure this year will rise by a mere $2.3 billion. The expenditure on purchasing new houses will rise by about 5 percent over last year, owing to the decline in mortgage interest rates. However, the increase in construction will mainly be in the sector of housing for single-person households, while there will not be much increase in the construction of apartments because of the large number of vacant apartments for rent.

Seventh, this year's unemployment rate will stay at a relatively high level. Last February, it dropped to 6.8 percent, but it rebounded to 7.3 percent last March. Apart from the impact of floods in the western state of California, the rebounding of the unemployment rate was mainly caused by falling oil prices, which forced many oil companies to reduce production and workforces. Over the past 2 months, about 60,000 oil workers have lost their jobs and in some oil-producing areas,the unemployment rate already exceeds 13 percent. In the first 4 months of this year, the energy and manufacturing industries had already cut their staff and workers by 166,000, and they had already reduced their staff and workers by 125,000 last year. Moreover, the trend of cutting staff and workers is continuing in the oil industry.

Eighth, the decline in oil prices will cause the oil-exporting countries with heavy debts to suffer huge losses and make them unable to repay the principal of their debts or the interest. This will be a tremendously great threat to some big U.S. banks. (For example, the eight largest banks in the United States have lent $11 billion to Mexico which have not yet been repaid, and the loans the U.S. commercial banks have made to Mexico total about $25 billion.) Many medium-sized and small banks in the United States which have made many loans to the oil industry and agriculture will also have fund circulation difficulities because they will not be able to collect their loans. Last year, 120 banks went bankrupt in the United States, setting a record since 1933, and it is possible another record will be set this year.

Ninth, there was some reduction in the trade deficit in the first quarter, but the monthly average was still above $14 billion, which is still a big figure. Though the declining oil prices and U.S. dollar exchange rates will gradually play their role in stimulating exports and reducing imports, and will cause trade deficits to fall substantially, the total trade deficit this year will still exceed $100 billion ($148.5 billion last year). It will be very difficult to remove the unfavorable impact of this trade deficit on economic growth and the balance of international payments.

To sum up, from the point of view of current development trends, generally speaking, the decline in oil prices means more of an advantage than a disadvantage for the United States, and its economic growth will be better in the latter half of this year than in the first half. It is not likely that an economic recession will emerge this year. As a whole, this year's economic growth rate will be slightly higher than last year's and will reach about 2.5 percent. This will be lower than the optimistic estimates of the U.S. Government and some economists, but it will still be higher than the lower forecast made by some people in the United States. Of course, the decline in oil prices will not bring any "miracle" to the U.S. economy.

U.S. MILITARY TACTICS IN LIBYA EXAMINED

HK270522 Beijing SHIJIE ZHISHI in Chinese No 10, 16 May 86 p 18

[Article by Lin Geng: "Operational Characteristics of the U.S. Air Raids on Libya" -- capitalized passages published in boldface]

[Text] The flames of war in the Mediterranean have shocked the world, but the advanced weapons and tactics employed by the United States in the two air raids have, all the more, attracted attention from military circles of different countries in the world. U.S. military planners themselves described the attacks as "successful ones under the present-day conditions."

From the military point of view, the two U.S. air raids have the following important features.

FIRST, A POWERFUL SYSTEM OF COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE, PROVIDE AN IMPORTANT GUARANTEE FOR HIGHLY EFFICIENT COMMAND AND QUICK INFORMATION AND REACTION. It was reported that the system was composed of the Aegis air-defense system and E-2C command-and-control aircraft. It could accurately monitor all Libyan missile, warship and aircraft activities in Libyan coastal areas and the Gulf of Sidra, so that it could promptly guide U.S. warplanes and warships to prepare attacks on targets and give them sufficient warning of the firing to elude Libyan missiles. Actual combat shows that a highly automated system of command and communications can provide an important guarantee for victory in modern warfare.

SECOND, GIVE FULL PLAY TO THE SUPERIORITY OF ELECTRONIC TECHNOLOGY TO SUPRESS THE ENEMY'S FIREPOWER. To coordinate the air attacks, the United States drew on EA-6B Prowler aircraft and EF-111 electronic warfare planes. When the radar towers at Libya's SAM-5 missile sites started operating, EA-6B planes immediately started electronic jamming according to the frequencies intercepted from the radar towers in an attempt to fool Libya's radar system. At the same time, these planes also launched dozens of decoy targets to lure SAM-5 missiles astray. This is why in the first U.S. air attack, Libya fired six SAM-5 and two SAM-2 missiles but none of them hit U.S. warplanes.

In the second U.S. air attack, EF-111 electronic warfare planes once again played an excellent role and their powerful jamming capacity disabled all radar stations sited from Tripoli to Benghazi. At this time, U.S. F-111 fighter-bombers sent out false radar readings in order to mislead Libyan anti-aircraft guns and missiles, and then fired Shrike and Harm missiles which are designed to destroy anti-aircraft missile launchers by homing in on their radar transmissions. Before long, all five radar stations in Tripoli and Benghazi were destroyed. With the radars blinded, Libyan anti-aircraft guns and missiles became virtually useless. U.S. pilots who took part in the mission said that Libyan anti-aircraft firepower was very strong but it could not be directed at the targets. In the whole course of the air raid, only one U.S. F-111 plane was hit by anti-aircraft fire.

THIRD, ASSEMBLE MAXIMUM MILITARY POWER AND EMPLOY BOTH NAVAL AND AIR FORCES TO FORM A HUGE STRIKE FORCE. Under the guidance of the military idea of concentrating a superior force to destroy the enemy, the United States originally planned to put two aircraft carriers to use in its first attack on Libya, but finally it dispatched an extra one to the Mediterranean. When the three flattops met together, they formed a huge air-and-sea combat group with 34 warships and 240 warplanes. In the second air raid, in order to carry out a successful strike at five military targets, the United States employed its air force squadron stationed in Britain and the U.S. 6th Fleet, and altogether it mustered 2 aircraft carriers, 21 warships and 200 warplanes.

In the military operation, the United States stressed the joint action of naval and air forces but clearly they divided their duties up. F-111 fighter-bombers, as well as 1-6 and 1-7 carrier-based raiders were assigned to launch attacks. KC-10 and KC-135 tankers were to refuel the F-111s in midair, and EF-111 and EA-6B electronic warfare planes were to conduct electroic jamming while F-14 and F-18 carrier-based fighters were to provide overall air cover. When orders for action were given, over 100 carrier-based planes took off immediately in an orderly manner. The tacit coordination between naval and air forces formed a huge, solid offense-defense system.

FOURTH, OBTAIN ACCURATE INFORMATION AND ADOPT THE TATICTS OF NIGHT ATTACK AND CLOSE-RANGE FIGHTING. Libya has a powwerful air force with a total of 592 warplanes of different types, including about 100 Soviet-made MiG 23 and MiG 25 fighters, and over 100 French-made Mirage fighters. However, Libyan Air Force planes do not take off at night. With this information, the United States decided to launch night attacks. Of the two air raids on Libya, one occurred at midnight, the other at dawn. It was reported that during the U.S. air raids, no Libyan warplanes took off to repulse attacks. Thus the losses incurred by the United States in the two air attacks were very slight.

Libya's anti-aircraft force is very strong. It has more than 30 air-defense systems of different types, including 10 SAM-2, 20 SAM-3, and two SAM-5 missile batteries. However, SAM-5 missiles cannot acquire low-altitude targets. Knowing this, the United States decided to launch a raid with high speed, low-altitude fighters and bombers. When U.S. warplanes approached Libyan coastal areas, they immediately swooped down and flew at an altitude of only 60 to 150 feet to elude antiaircraft fire and to launch surprise attacks. This tactic yielded good results.

Of course, the shortcomings of U.S. weapons were exposed in actual combat. For example, in the second air raid, five F-111s and two A-6s failed to reach the target zones and some warplanes were forced to abort their bombing runs because of various glitches. Moreover, some bombs went astray because of deviations in the infra-red scanner locating the targets.

USSR INSTALLS AIR BASES ON DISPUTED JAPAN ISLANDS

OW290750 Beijing XINHUA in English 0737 GMT 29 Jun 86

[Text] Tokyo, June 29 (XINHUA) -- The Soviet Union has established five air bases on Kunashiri and Eterofu, two of the four disputed islands in northern Japan, the local press reported today.

Sources from the Japanese Defense Ministry said yesterday that there are three Soviet air bases established in Etorofu and two in Kunashiri. The five are among 30 Soviet air bases which encircle Japan's Hokkaido Island and pose a threat to northern Japan. The biggest base is at Tennei on the islandof Etorofu where two 3,000-meter runways are used by 40 MiG-23 interceptors. The communication equipment, ammunition depots and barracks have been increasing year after year at the Tennei base. The other air bases with each having a runway of 1,500 to 2,500 meters can be used by civil planes and planes for border garrison troops.

The military buildup on the islands, which are located 1,300 km northeast of the island of Hokkaido, began in 1978. Both the Soviet Union and Japan claim sovereignty over the two islands, which together with Habomai and Shikotan were occupied by the Soviet Union after Japan was defeated in the Second World War.

GORBACHEV DEPARTS TO ATTEND POLISH PARTY CONGRESS

OW281938 Beijing XINHUA in English 1834 GMT 28 Jun 86

[Text] Moscow, June 28 (XINHUA) -- Mikhail Gorbachev, general secretary of the Central Committee of the Communist Party of the Soviet Union (CPSU), left here today for Warsaw to attend the 10th National Congress of the Polish United Workers' Party.

The Soviet Central Television reported that Gorbachev was invited by the Central committee of the Polish party.

Gorbachev was accompanied by Edward Shevardnadze, member of the Political Bureau of the CPSU Central Committee and foreign minister, and Alexandr Yakovlev, secretary of the CPSU Central Committee.

USSR SCIENCE GROUP SIGNS PACT, MEETS FANG YI

OW261418 Beijing XINHUA in English 1404 GMT 26 Jun 86

[Text] Beijing, June 26 (XINHUA) -- The Chinese and Soviet Academies of Sciences signed an agreement on scientific cooperation and an implementation program for scientific cooperation between 1987 and 1988, here today.

The two documents were signed by a delegation of the Chinese Academy of Sciences headed by Gu Yijian, secretary-general of the academy, and its Soviet counterpart led by G. K. Skryabin, secretary-general of the Academy of Sciences of the Soviet Union.

Chinese State Councillor Fang Yi met the Soviet delegation here this afternoon at the Great Hall of the People. The delegation arrived here June 19. President of the Chinese Academy of Sciences Lu Jiaxi also had met the visitors.

PRC NOTIFIES SEOUL OF ASIAN GAMES PARTICIPATION

OW300305 Tokyo KYODO in English 0224 GMT 30 Jun 86

[Text] Seoul, June 30 KYODO -- China has notified South Korea it will send athletes to Seoul for the Asian Games set for September 20 to October 5, the organizing committee of the games said Monday.

DPRK FILM RECEPTION MARKS CPC ANNIVERSARY

OW290938 Beijing XINHUA Domestic Service in Chinese 1616 GMT 26 Jun 86

[By reporters Li Tu and Gao Haorong]

[Text] Pyongyang, 26 Jun (XINHUA) -- The Korean Committee for Cultural Relations With Foreign Countries [KCCRFC] today sponsored a photo exhibition and film reception to warmly celebrate the 65th founding anniversary of the CPC.

Addressing the opening ceremony of the photo exhibition, O Mun-han, vice chairman of the KCCRFC and vice chairman of the Korea-China Friendship Association, said: The 65 years of the CPC is a glorious course during which the CPC, under the banner of Marxism-Leninism, has won brilliant victories fighting internal and external enemies, in winning freedom and emancipation for the Chinese people, and in carrying out socialist revolution and construction.

O Mun-han continued: After the 3d Plenary Session of the 11th CPC Central committee, our fraternal Chinese people, displaying the revolutionary spirit of relying on their own efforts and carrying out arduous struggle, have achieved enormous successes in their socialist revolution and construction. China has a new outlook, and the Chinese people's livelihood is undergoing fundamental changes.

He said: It has been the unswerving policy of the Workers' Party of Korea [WPK] to treasure Korean-Chinese friendship, and to continue to consolidate and develop this friendship. The Korean people will do their utmost to carry forward and develop the friendship and cooperation between the Korean and Chinese peoples for generations to come.

Chinese Ambassador to Korea Zong Kewen also addressed the opening ceremony. He said: The CPC and the WPK have forged their fraternal friendship and unity on the basis of Marxism-Leninism and proletarian internationalism, and in the course of long revolutionary struggles. This friendship and unity have withstood historical tests and have great vitality. The CPC and the Chinese people will continue to make efforts to promote the friendship between the CPC and the WPK and the peoples of the two countries.

Nearly 100 pictures showing the achievements of the Chinese people under the CPC are on display at the exhibition.

The KCCRFC also gave a film reception today to mark the CPC's 65th founding anniversary. A Chinese movie entitled "Dragons and Snakes of the Great Lakes" was shown at the reception.

Present at the ceremony and the reception were KCCRFC Chairman Yi Mong-Ho, and Leading members of authorities concerned Kim Chae-pong and Yi Wong-kuk.

NI ZHIFU MEETS DPRK TRADE UNION DELEGATION

OW291420 Beijing XINHUA in English 1420 GMT 29 Jun 86

[Text] Tianjin, June 29 (XINHUA) -- Ni Zhifu, president of the All-China Federation of Trade Unions, met here today a delegation from the General Federation of Trade Unions of Korea, led by Vice-Chairman Kang Chong-pal. The Korean delegation arrived in China on June 17.

JAPANESE EXPERTS ADVISE ON UPGRADING ENTERPRISES

OW271655 Beijing XINHUA in English 1423 GMT 27 Jun 86

[Text] Yangzhou, Jun 27 (XINHUA) -- The advice of 651 Japanese experts has produced "good results" in state-owned enterprises over the last five years, according to Zhu Rongji, vice-minister of the State Economic Commission.

In remarks released today, Zhu told Chinese and Japanese participants in a five-day forum here the Japanese managerial and technical consultants had "helped upgrade" 131 enterprises by suggesting management reforms and technological improvements.

The enterprises have also benefited in the last five years from the finding of 400 Chinese technicians who have studied Japanese enterprises.

Zhu said improvements at the Yangzhou Dahua cotton textile mill were "typical" of the results of Japanese assistance. "After being technically transformed with the help of Japanese experts," he said, "the mill can now export more than 70 percent of its products, up from 40 percent in the past."

For the Japanese, Zhu said, assistance has led to joint ventures and co-management agreements. "We want such contacts to continue and to grow," he said.

To promote long-term cooperation with the Japanese, according to Zhu, China is "willing to provide Japanese enterprises with the most preferential treatment in production and investment" and to overcome problems caused by the rapid increase in yen's value and the growing trade imbalance between the two countries.

Participants in the forum, sponsored by the State Economic Commission, included representatives of the Japan International Cooperation Agency, the Japan-China Economic Relations and Trade Center, and the Japan-China Association on Economy and Trade.

RENMIN RIBAO COMMENTARY ON ASEAN MEETING

HK280758 Beijing RENMIN RIBAO in Chinese 27 Jun 86 p 6

["Short commentary": "The Sound of Justice"]

[Text] The 19th ASEAN Foreign Ministerial Conference was held in the Philippine capital of Manila on 23 and 24 June. At the conclusion of the meeting, the six participating foreign ministers signed a joint communique expressing support for the 8-point proposal for a political settlement of the Cambodian problem put forward by the Coalition Government of Democratic Kampuchea [CGDK], pointing out that this proposal is reasonable, flexible, and complete, and can be regarded as a constructive idea on the just settlement of the Cambodian problem. The foreign ministers denounced the overbearing attitude of Vietnam in rejecting the 8-point proposal, demanded that Vietnam withdraw its troops from Cambodia by stages, and also showed that the "partial withdrawal" announced by Hanoi is no more than a trick to deceive the international community. The foreign ministers of the six ASEAN countries expressed profound regret that the Vietnamese authorities have displayed not the slightest degree of sincerity for solving the Cambodian problem through negotiations. They demanded that Vietnam reconsider the fair and reasonable 8-point proposal put forward by the CGDK.

During the 2-day meeting, the ASEAN foreign ministers also urged the Soviet Union to withdraw its forces from Afghanistan and demanded that the superpowers halt the arms race. The foreign ministers also issued a statement denouncing the South African authorities' policy of suppressing the blacks. The meeting stressed that it is necessary to strengthen economic ties within ASEAN and also with countries outside ASEAN, and demanded that the developed countries abolish trade protectionism. All these demands and cries are just. Of course, it was essential that the Cambodian issue should attract the particular attention of the six countries, since it has a direct bearing on peace and stability in the region.

Vietnam's war of aggression against Cambodia, which has lasted nearly 8 years now, has not only brought serious calamities to the Cambodian people, but also directly threatens the security of the ASEAN countries and poses a menace to peace in Asia and the world. Hence, ending this war as soon as possible has become the urgent task of the Asian region and the international community. The Asean foreign ministers meeting's support for the CGDK's 8-point proposal, together with their positive efforts to find a political solution to the Cambodian problem, fully reflect the desires of peace-loving countries and peoples that uphold justice. This just stand has therefore naturally been extensively appreciated and supported by the peoples of Asia. People can see that, by contrast, Vietnam, clinging stubbornly to its aggressive stance, has been strongly denounced by the international community and has become more and more isolated. This stark contrast precisely reflects the will of the world's peoples.

It is essential to put an end to Vietnam's war of aggression against Cambodias as soon as possible for the sake of peace and tranquillity in Southeast Asia. It is the international community's duty today to continue to put pressure on Vietnam and compel it to withdraw its troops from Cambodia at an early date. As Philippine Vice President and Foreign Minister Laurel pointed out at the ASEAN foreign ministerial meeting, only if there is continual international denunciation of Vietnam's armed intervention in Cambodia can the conflict in the region be settled as soon as possible and can peace and stability be restored. This ASEAN foreign ministerial meeting precisely played a positive role in this respect.

ASEAN DIALOGUE WITH WESTERN PARTNERS SUMMARIZED

OW271758 Beijing XINHUA in English 1550 GMT 27 Jun 86

[By Wang Yongsun]

[Text] Manila, June 27 (XINHUA) -- Six ASEAN nations wound up the two-day dialogue with their major Western partners here today with the latter expressing their support to the ASEAN's position on the Kampuchean problem.

The ASEAN six partners -- the United States, Japan, Canada, Australia, New Zealand and the European Economic Community -- also showed their willingness to help ASEAN states tide over the current economic difficulties by opening further their markets to ASEAN goods and providing more assistance.

The annual dialogue forum immediately following the ASEAN foreign minister conference has become a fixed practice to promote better understanding and cooperation between ASEAN and its partners on important political and economic issues of mutual interest.

The Kampuchean problem was one of the major issues that drew serious attention of the dialogue participants. The dialogue partners in their discussion shared the ASEAN's view that the eight-point proposal offered by the Coalition Government of Democratic Kampuchea (CGDK) is a reasonable, just and comprehensive framework for negotiation of a political settlement to the eight-year-long conflict in Kampuchea. They expressed their regrets at Vietnam's intransigent attitude towards the peaceful and political solution, and urged Vietnam to reconsider the eight-point proposal. They joined ASEAN in reiterating their calling for the withdrawal of the Vietnamese troops and leaving the Kampuchean people to solve the problem themselves.

Foreign ministers or representatives from the industrialized world also showed their appreciation of ASEAN efforts, and reiterated their support to ASEAN's initiatives to bring the Kampuchea war to a political settlement.

The two-day post ministerial dialogue meeting as well as the ASEAN foreign minister confernce also tackled the ticklish issue of trade protectionism by developed countries. ASEAN states presented the major problems besetting their economies and asked for concessions, particularly a liberalization of their trade policies.

ASEAN representatives pointed out that a rising tide of protectionism, a reduced flow of financial resources and a collapse of commodity prices have a particularly debilitating impact on the development processes of ASEAN and other developing countries. The total collapse of the prices of all the major commodities export on one hand and the continued increasing of the manufactured goods on the other has made ASEAN, being the major commodity producers and manufactured good importer, lose billions of U.S. dollars, they said.

Philippine Foreign Minister Salvador Laurel, chairman of the ASEAN foreign minister meeting, pointed out that despite numerous pledges of trade cooperation and easing of the protectionist measures, little has been done to remove the restrictive trade barriers, especially those restrictions on ASEAN exports to the industrialized countries. Thus, what they want now, the ASEAN foreign ministers indicated, is more actions and less words from the developed countries.

To the demands of ASEAN, the dialogue partners generally expressed their readiness and willingness to fight the protectionist trends and to take measures to find markets for ASEAN products. They agreed that the issue should be discussed in the GATT round of talks. However, they still differ in approaches, U.S. Secretary of State George Shultz assured ASEAN that the American Administration will continue to fight protectionism, but he demanded in return that other ASEAN partners do likewise, and "demonstrate an equal commitment to more open trade".

Japan, another ASEAN trade partner, promised new forms of aid. But its Foreign Minister Shintaro Abe in his dialogue with ASEAN counterparts chose to deviate from directly addressing to the issue of protectism, nor did he mention anything about much awaited liberal opening Japanese market to ASEAN products.

The European Economic Community, while admitting protectionism is a world wide problem, denied the accusation of engaging in protectionism. EEC representative Claude Cheysson denied that the EEC is protectionist, saying EEC countries remain the third largest market for ASEAN exports. He proposed the setting up of ASEAN-EEC joint ventures.

In short, this year's dialogue meeting has made better understanding of each other's position, especially the ASEAN got their partners' support for ASEAN's reasonable stand on the Kampuchean issue. But quite a few problems, particularly in the economic field, still remain unsolved.

MALAYSIA'S RITHAUDDEEN ON ASEAN TALKS, PRC TIES

OW291451 Bejing XINHUA in English 1412 GMT 29 Jun 86

[Excerpts] Manila, June 29 (XINHUA) -- Malaysian Foreign Minister Tengku Ahmad Rithauddeen stated here today that Malaysia was very satisfied with the results of the just concluded ministerial meeting of the Association of Southeast Asian Nations (ASEAN).

He said, "ASEAN is successful because the member countries have been together almost 19 years. We have quite identical views on international issues. We have some differences, but we agree on basic and fundamental issues.

Turning to Malaysia's relations with China, the foreign minister said, "It is important for Malaysia to develop good relations with China, because China is not far from this part of the world."

He said that through the Malaysian prime minister's visit to China last November, "We Malaysians understand China's position and China also knows our position. So nothing can stop us to develop good relations."

He said, "We should develop trade and some investment and other economic relations, because Malaysia would like to participate in the development of China."

He noted that there are many ongoing cooperation projects and joint ventures between Malaysia and China. Three agreements on trade, shipping and investment guarantee are being discussed. "We should try our best to finalize the agreements in order to promote more trade between the two countries," he said.

RENMIN RIBAO LAUDS HU'S SUCCESSFUL EUROPEAN TOUR

HK270238 Beijing RENMIN OVERSEAS EDITION in Chinese 27 Jun 86 p 2

[Editorial: "Cooperate Hand in Hand and Advance Toward the Future -- Warmly Greeting the Complete Success of General Secretary Hu Yaobang's Visit to Western Europe"]

[Text] General Secretary Hu Yaobang concluded his official visit to Britian, the FRG, France, and Italy on 23 June and returned to Beijing yesterday. This visit was the first visit made by a CPC general secretary to Western Europe, and was a major diplomatic step taken by our country to further develop friendly and cooperative relations with Western Europe. This important visit has made positive contributions to the maintenance of world peace, and has effectively promoted long-term and stable cooperative relations between China and Western Europe. The visit has achieved the purpose of "deepening mutual understanding, strengthening friendship, expanding cooperation, and safeguarding peace." Thus it was a completely successful visit.

Safeguarding world peace is a common desire of both China and Western Europe. During his visit to the Western European countries, General Secretary Hu stated emphatically that although the danger of war still exists, the forces for safeguarding peace are growing. At the same time, he made clear the principled stand of the Chinese Government and the Chinese people on the issue of maintaining world peace: China will support all undertakings which are favorable to world peace and stability and will oppose all hegemonist actions. Opinion in Western Europe held that this clear-cut stand which represents the wishes of the one billion Chinese people greatly inspired the people in Western Europe, and strengthened people's confidence in maintaining world peace. When a united and strong Europe which holds its destiny in its own hands, and an economically developing China which pursues an independent policy, strengthen cooperation and support each other, this undoubtedly will be an important factor in maintaining world peace and stability.

Both China and Western Europe need a peaceful environment for their development. On various occasions during his visit to the West European countries, General Secretary Hu made it clear from different angles that prolonged and stable cooperation between China and Western Europe is in the interests of both sides. He also announced solemnly: "China is trying to develop prolonged economic cooperation with Europe," is determined to "promote the continuous and steady development of the Chinese economy by adopting reform and open policies," and "will pursue an independent and peaceful diplomatic policy to ensure the continuity of the nation's concentration on economic construction." This is the basic national policy of our country, which will never change. During his visit, General Secretary Hu Yaobang also mentioned the need to take a scientific attitude toward Marxism. He pointed out that Marxism is a science that needs to be continuously developed and enriched in the course of practice. All these remarks attracted close attention and evoked strong reactions among West European people in all circles. They said that the visit and speeches of General Secretary Hu gave them "new ideas." That is, the "new process" of reform and opening up in China will be firmly continued, and Europe should strive to enhance the quality of its economic and technolgical cooeration with China.

General Secretary Hu's visit has not only greatly developed friendship and cooperation between China and Western Europe, but has also helped Western Europe understand China more deeply and extensively, thus increasing Western Europe's friendly feelings toward China. During the visit to the four countries, the CPC general secretary was always recived in a warm, friendly, and solemn atmosphere.

His talks with leaders of the four countries reached agreement on a wide range of issues. He also met with many statesmen of both ruling and opposition parties and people in all circles in these countries. Among the people he met, there were not only old friends, but also many new friends. The general secretary also held three press conferences and a joint press conference, which also provided people with a key to understanding China. Although the statesmen of the ruling and opposition parties in these four European countries differ in their political opinions, they hold an identical viewpoint on the need to develop friendship and cooperation with China. In the period of half a month, the press and mass media, including the national and local TV networks in the four West European countries, gave wide coverage to reports about General Secretary Hu's visit. As a West European television station said, the friendly and cooperative relationship between China and Western Europe "has taken root in the hearts of the people."

"The most valuable wealth of mankind is hope. If we are merely content with the present conditions, we would not go ahead and sow seeds." During his visit to Western Europe, General Secretary Hu quoted this famous remark by the famous philospher Voltaire, to encoure people to set their sights far ahead. He called for "making Sino-European friendly relations continue to develop for a long time" and for China and Western Europe to join hands to sow seeds for lasting world peace!"

PRC, PORTUGAL TALKS ON MACAO TO BEGIN 30 JUNE

Portuguese Delegation Arrives

OW271729 Beijing XINHUA in English 1525 GMT 27 Jun 86

[Text] Bejing, June 27 (XINHUA) -- A Portuguese Government delegation arrived here today to attend the first round of Sino-Portuguese talks on the future of Macao. The talks will be held on Monday and Tuesday in Beijing.

Zhou Nan, vice-minister of foreign affairs, who will be head of the Chinese side at the talks, greeted the Portugese delegation, which is being led by Rui Medina. Extending his welcome to the delegation, Zhou said very good relations exist between China and Portugal. He is convinced that the talks between the two governments to solve the problem over Macao, which has been left over from history, would be conducted very harmoniously and smoothly. Zhou said the talks between the two friendly countries would take the form of a relationship between partners not opponents.

Medina said he fully agreed, adding: "What I want to say, you have already said."

Shaking hands with Medina, Zhou said: "We not only hope for harmonious talk, but also wish you a happy stay here." He invited Medina and his party to visit Chengde, and 18th century summer mountain resort in Hebei Province, after the talks. Medina accepted.

Medina, 61, has served as portuguese ambassador in Beirut, Helsinki, Stockholm and Berlin, and as head of the Department of Treaties and Law of the Foreign Ministry.

Two other members of the delegatin, Nuno Lorena, 50, and Joao Ascensao, 64, arrived here today, and three others are due tomorrow.

First Round Of Talks Begins

OW300558 Beijing XINHUA in English 0542 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) -- China and Portugal began their first round of talks on Macao at the Diaoyutai State Guest House here this morning.

When the Portuguese delegation arrived, they were greeted by Zhou Nan, China's vice-minister of foreign affairs and head of the Chinese delegation. Zhou Nan extended warm welcome to Ruy Medina and his party, saying that the coming talks between China and Portugal are important and will be beneficial to both.

Zhou recalled his March visit to Portugal and said he was impressed with the beautiful landscape of the country.

Medina said he feels honored to represent his country in the talks. He said he was glad that the Chinese side has a realistic understanding of the questions to be discussed between them, as well as of Portugal and Europe as a whole.

Attending the talks as advisor to the Portuguese delegation was also Portuguese Ambassador to China Octavio N. Valerio.

The second session of the first round of talks is scheduled for tomorrow.

NEW PORTUGUESE SOCIALIST LEADER MEETS CPC GROUP

OW300606 Beijing XINHUA in English 0554 GMT 30 Jun 86

[Text] Lisbon, June 29 (XINHUA) -- The Portuguese Socialist Party today elected Vitor Constancio as general secretary and Tito de Morais as chairman at the close of its three-day sixth national congress. The 1,500 delegates approved a revamped party platform, noting that the Socialist Party is a political organization which seeks solutions to national problems in a democratic society and is capable of responding to the social and political demands of the times.

The new platform vows to implement democracy in politics, economy, culture and society, and to maintain a foreign policy for state interest and national independence. It also pledges to work for the establishment of a new international order based on preserving peace and human rights.

Constancio, 42, former Central Bank governor and former finance minister, joined the party in 1975 and entered the party's secretariat in 1981.

After the congress concluded, Constancio met with Zhou Jie, deputy director of the General Office of the Central Committee of the Communist Party of China. Constancio accepted the invitation and expressed the hope there will be lasting development of relations between the two parties.

FRG'S KOHL LAUDS PRC TIES, URGES ARMS CONTROL

OW260802 Beijing XINHUA in English 0742 GMT 26 Jun 86

[Text] Bonn, June 25 (XINHUA) -- Federal German Chancellor Helmut Kohl today praised his country's relations with China, saying they were strengthening following fruitful political dialogue and increasing economic ties between the two countries. In a speech to the German Foreign Affairs Association on Federal Germany's Foreign Policy, Kohl pointed to the recent visit by Chinese Communist Party General Secretary Hu Yaobang as evidence of the "increasingly closer" ties between the two countries.

Saying that China "under the leadership of Deng Xiaoping, has opened its door to the outside world and has undertaken more international obligations," Kohl said that scientific and technological cooperation and exchanges with China are growing rapidly. He added that it would be ideal if imports from China could grow as fast as Federal German exports.

Referring to the situation in the East Asian and Pacific region, Kohl said the region is assuming ever greater importance in the world both politically and economically, and that his country has been strengthening ties with it since 1982 through repeated official visits.

Like most member countries of the United Nations, Federal Germany has called on the Soviet Union to pull its troops out of Afghanistan and end its war against the Afghan people, Kohl said. Kohl appealed to both the United States and the Soviet Union to grasp all opportunities for arms reduction and expressed confidence that the U.S.-Soviet summit will be held this year. If the summit actually took place, Kohl said, it would boost East-West dialogue and bring arms reduction talks to a more positive stage. Kohl said both Federal Germany and the West want a comprehensive ban on medium-to-long-range weapons that includes short-to-medium-range weapons. They also want to see a ban on chemical weapons worldwide, a comprehensive ban on nuclear tests and progress in cutting conventional weaponry.

He spoke positively of the new Soviet leadership's stance on East-West relations, saying there has been signs since Gorbachev assumed office that the Soviet Union is interested in bringing about essential improvement in East-West relations and does not want to limit the relations to security policies only. He said he supports Gorbachev's idea that military means are not adequate to ensure security, which should be a political task shared by both the East and the West. Kohl said that Moscow now no longer utterly rejects the U.S. Strategic Defense Initiative, also known as the "star wars" program, and has shown some flexibility in the Geneva negotiations. There might have been changes made by the new Soviet leadership in its internal and external policy, Kohl said.

He stressed that Federal Germany today still attaches "prime importance" to relations with the Soviet Union and will try to enter into political dialogue with it.

On relations with the United States, Kohl said Europeans and Americans have difficulty understanding each other, but no substantial differences separate them.

Kohl also said he still wants the unified internal market within the European Economic Community to be formed in 1992, capital flow among EEC countries liberalized and trade barriers removed. Meanwhile, Federal German Foreign Minister Hans-Dietrick Genscher, in a speech on Monday, predicted "profound change" in East-West relations, and said his country should be a "motivating force" in the betterment of East-West relations.

HU YAOBANG CONGRATULATES SFRY'S RENOVICA

OW290238 Beijing XINHUA in English 0100 GMT 29 Jun 86

[Text] Beijing, June 29 (XINHUA) -- Chinese Communist Party leader Hu Yaobang today congratulated Milanko Renovica on his election as president of the Central Committee Presidency of the League of Yugoslav Communists. In his message Hu wished Renovica and his comrades new and greater success. He also expressed the hope for further consolidation and development of the friendship between the two parties, countries and peoples of Yugoslavia and China.

LEAGUE OF COMMUNISTS OF YUGOSLAVIA CONGRESS ENDS

'Roundup' Reviews Congress

OW291522 Beijing XINHUA in English 1459 GMT 29 Jun 86

["Roundup: Yugoslav Party Congress Stresses Unity and Self-Management System -- (by Li Daijun)" -- XINHUA headline]

[Text] Belgrade, June 29 (XINHUA) -- The 13th Congress of the League of Communists of Yugoslavia which ended Saturday stayed with the country's socialist self-management system and strengthened party unity. At the four-day party forum, delegates not only criticized mistakes in the party's work, but also made many useful proposals to help the party leadership improve their work.

The delegates hoped that the party would enhance its unity and play a more active role in perfecting the country's socialist self-management system and in stabilizing the national economy through the congress. They noted that the entire party should carry out the resolutions adopted by the congress and that the situation wherein party resolutions have frequently not been implemented by local organizations in recent years must be changed. Only by leading the country out of its current social and economic crisis can the party increase its prestige among the masses, they said.

Milanko Renovica, new president of the Presidency of the party Central Committee, said at the end of the congress that all the delegates believe the only way to overcome the difficulties facing the country is "to perfect the socialist self-management system" and to develop the national economy by relying on the unity of the party and the people.

Another impressive thing at the party forum was that the plenary session of the congress elected the new Central Committee by secret ballot instead of approving the lists of names put forward by the local and army party congresses. Under this new system, a Central Committee member must be supported by two thirds of the ballots cast.

The new election method was aimed at electing those who care for the interests of the entire country and won the support of the entire party. Meanwhile, the measure is also conducive to increasing the accountability of the Central Committee members of the entire party rather than just the republics or autonomous provinces they represent.

Out of 165 central committee members chosen by this congress, 127 are new and their average age in 46 years, making the members of the new central committee on average six years younger than their predecessors.

The new presidency of the party Central Committee consists of 23 members, among whom 14 are newly-elected. They are intelligent, competent, trusted by the entire party and are determined to implement the resolutions of the congress.

Stresses Need for Economic Reform

OW271653 Beijing XINHUA in English 1416 GMT 27 Jun 86

[Text] Belgrade, June 27 (XINHUA) -- The League of Communists of Yugoslavia (LCY) has stressed that the only way to rid the country of its socio-economic problems is through reform. The LCY Central Committee's report, approved today by the league's 13th congress, listed its present tasks as: to overcome the economic crisis, to ensure a stable economic growth, to create favorable conditions for further develpment of socialist self-management, to strengthen the unity and equity among all nationalities, to enhance the league's role in political and ideological guidance, and to expand the country's international role in non-aligned movement and other international affairs.

The report reviewed the LCY's work since the last congress four years ago and analysed the international situation. It said socialism in the world faces new challenges in its development. New socialist ways and approaches have emerged. The report pointed out that China has been undergoing a dramatic change in its efforts to build socialism with distinctively Chinese characteristics. The report also said that Yugoslavia has maintained smooth relations both with the Soviet Union and the United States.

CPC Delegation Departs for Home

OW291126 Beijing XINHUA in English 1101 GMT 29 Jun 86

[Text] Belgrade, June 29 (XINHUA) -- The Chinese Communist Party delegation led by Politburo member Xi Zhongxun left here today for home after attending the 13th Congress of the League of Communists of Yugoslavia (LCY). The delegation was seen off at the airport by Stanislav Stojanovic, executive secretary of the LCY presidency.

JARUZELSKI ADDRESSES 10TH POLISH CONGRESS OPENING

OW291352 Beijing XINHUA in English 1335 GMT 29 Jun 86

[Text] Warsaw, June 29 (XINHUA) -- Polish leader Wojciech Jaruzelski today opened the 10th Congress of the Ruling United Workers' Party with a call for faster restructuring of the country's economy. In a keynote address to the congress, Jaruzelski said economic reforms designed to increase efficiency should be carried out "at a drastically accelerated pace". Soviet leader Mikhail Gorbachev is among the foreign party delegates attending the congress.

Jaruzelski noted in his report on behalf of the Central Committee that the primary task of the party in developing socialism in Poland is to intensify the process of development so as to make up for lost time and close the gap between Poland and the scientifically and economically advanced countries.

The 1980 Solidarity labor unrest and the ensuing Western economic sanctions plunged Poland into social chaos and pushed it to the verge of economic collapse. The three-year Economic Stabilization Program (1983-85), though it brought about a gradual economic recovery, failed to return the economy to its pre-solidarity 1979 level.

Jaruzelski told the congress that, in order to develop faster, profound changes must be made in all spheres of life, both materially and ideologically. The principal levers for efficiency in Poland's economy, he explained, are scientific progress, structural reforms, eradication of waste, improved product quality and expanded participation by Poland in the international division of labor.

Jaruzelski also outlined measures to combat the rising inflation, which is a constant public complaint. He said that the most important thing is to restore economic balance, link the workers' wages with their output, increase commodity production, reduce production costs and adjust prices. The party chief added that the immediate social objectives in coming years are improved housing and food supplies, expanded and modernized educational facilties, better medicare and environmental protection. The Congress is being attended by 1,776 delegates representing the party's 2.12 million members. Representatives of Poland's United Peasants Party, Democratic Party, Patriotic Movement for National Rebirth, trade unions, youth organizations and other social groups were invited to the congress.

Urges End to Arms Race

OW291911 Beijing XINHUA in English 1802 GMT 29 Jun 86

[Text] Warsaw, June 29 (XINHUA) -- Polish leader Wojciech Jaruzelski said today that Eastern and Western Europe, which are burdened by an unprecendented buildup of armaments, should make simultaneous efforts to arrest the arms race. In a keynote address to the 10th Congress of Poland's Ruling United Workers' Party, Jaruzelski declared that Poland is prepared to actively participate in disarmament talks and make its due contribution to an agreement on concrete measures for balanced disarmament in various categories.

Voicing full support for Soviet peace proposals, the Polish leader said that eliminating the threat of a nuclear catastrophe is the primary task for the Polish people and indeed for civilized humanity. Jaruzelski, while accusing the United States of being the principal advocate and executor of policies and actions which are detrimental to the interest of Poland, reiterated that his country's unbreakable alliance and friendship with the Soviet Union is the cornerstone of its foreign policy.

Soviet leader Mikhail Gorbachev was sitting with other foreign dignitaries in the Hall of Culture in Warsaw when Jaruzelski delivered his four-hour speech to the 1,776 representatives attending the congress.

'Formidable Difficulties' Exist

OW270216 Beijing XINHUA in English 0032 GMT 27 Jun 86

["News Analysis: A Party Congress Faced With Enormous Tasks (by Wen Youren)" -- XINHUA headline]

[Text] Warsaw, June 26 (XINHUA) -- The 10th Congress of the Polish United Workers' Party, which opens June 29, will be the most important event in the country's political life since the Solidarity labor unrest rocked the nation in the early 1980's. The Congress will take stock of the accomplishments and setbacks of the party in steering the country through the most difficult time in post-war history, and chart a course for further political stability and quicker economic recovery.

Compared with conditions in 1981 when the previous congress was held and in 1982 immediately after martial law was imposed, things in Poland are much better today and the nation could have reason to heave a sigh of relief. But formidable difficulties still exist and no one should be overly optimistic.

The tasks set in the 1983-85 economic stabilization program have been largely achieved, with a aggregate 15.7 percent increase in national income, a 16 percent rise in industrial output, a 10 percent expansion of agricultural production and a 13 percent increase in consumption for the average Pole. In 1982 when the program began, scarcity of consumer goods was prevalent, and ration coupons were needed for dozens of daily necessities. Today, shops are well stocked with an increasing variety of goods and only meat remains rationed.

But still, many things are still beyond the reach of the average person in the street and, as Prime Minister Zbigniew Messner rightly said, the country "is still in a difficult economic situation". National income in 1985 was 10 percent lower that the pre-solidarity 1979 level. If the rapidly expanding population is considered, the country's per capita national income was even lower -- 14.3 percent below the 1979 figure. Government financial deficit in 1985 reached 125 billion zlotys (about 735 million U.S. dollars) and retail prices and service charges went up by 14.7 percent.

Economic management remains poor and inefficient as the econonmic reforms initiated in 1982 have encountered resistance from both within and without the party. Foreign debt owed to the West swelled to 31.2 billion U.S. dollars at the end of the first quarter of this year, on top of another 5.8 billion roubles (about 6.4 billion U.S. dollars) debt with the Soviet Union and East European countries. The gradual economic recovery and the government policy of dialogue and consultation with various political forces have made the once turbulent political scene increasingly quiet. The influence of the underground solidarity, which plunged the country into utter chaos in its heyday, has been waning. Eight members of its interim coordinating committee including Zbigniew Bujak have been arrested and two others have given themselves up to the police. Its calls for boycotts of local and parliamentary elections and strikes against price increases received little public response. As a result, the committee announced last December that it would no longer organize strikes or street demonstrations.

Meanwhile, the "confidence crisis" that emerged in the early 1980's has eased to a certain degree and the party is regaining social trust. Party membership, which diminished by one third in the early 1980s due to mass quitting, began to expand in 1985, with half of its new blood being young people. On the other hand, the remnants of the underground solidarity and other opposition forces are still very active and refuse to cooperate with government. Quite a few citizens remain skeptical of government policies and indifferent to their work, resulting in low productivity. This suggests that much remains to be done by the party before the society is fully mobilized in its social and economic endeavors.

The documents prepared for the congress indicate that the primary task of the gathering will be to adopt the party's first program and formulate future social and economic policies which emphasize respect for the nation's unique characteristics in socialist construction. In particular, it will push the economic reforms into their second phase.

Top priority will be given to the restructuring of the central administrative institutions, and market forces and scientific accelerated economic development.

ZAMBIAN PARTY DELEGATION ARRIVES 27 JUN

OW271853 Beijing XINHUA in English 1758 GMT 27 Jun 86

[Text] Beijing, June 27 (XINHUA) -- A delegation from the Zambian United National Independence Party led by its General Secretary A.G. Zulu arrived here by air today for a visit to China at the invitation of the Chinese Communist Party Central Committee.

The visitors were greeted at the airport by Jiang Guanghua, deputy head of the International Liaison Department of the CPC Central Committee, and diplomatic envoys of some African countries and the Democratic People's Republic of Korea in China.

Talks With Tian Jiyun

OW281418 Beijing XINHUA in English 1406 GMT 28 Jun 86

[Text] Beijing, June 28 (XINHUA) -- Tian Jiyun, member of the Political Bureau and Secretariat of the Chinese Communist Party (CPC) Central Committee and vice premier, and A.G. Zulu, general secretary of the Zambian United National Independence Party (ZUNIP), held talks here this afternoon. They expressed satisfaction with the smooth development of friendship and cooperation between the two countries and the two governments thanks to their joint efforts. Both sides agreed to sign a protocol on further cooperation between the two parties. The two leaders briefed each other on the economic development of their respective countries.

Tian praised Zambia's reform and readjutment measures effective in overcoming economic difficulties resulting from unreasonable international economic order. He added that China is willing to strengthen economic cooperation with Zambia.

Zulu thanked China for supporting Zambia in its efforts to consolidate national independence, oppose outside aggression and develop economy. Zulu said the situation in Namibia and South Africa is very upsetting. He condemned the South African authorities for attacking neighbors, attempting to split Angola and suppressing the South African people. He said what had happened in South Africa constitutes threat to world peace, adding that economic sactions should be imposed on South Africa.

Tian Jiyun reiterated China's condemnation of the South African authorities for pursuing the policy of apartheid, attacking neighbors and illegally occupying Namibia. He stressed that China firmly supports South African countries and peoples in their struggle for safeguarding national independence and state sovereignty.

The Zambian guests were honored at a banquet given by Tian Jiyun here this evening.

ZHAO ZIYANG MEETS BENIN FOREIGN MINISTER AFFO

OW271418 Beijing XINHUA in English 1412 GMT 27 Jun 86

[Text] Beijing, June 27 (XINHUA) -- China is willing to seek new cooperation with Benin in such fields as management and technology, while continuing their cooperation in existing ways. This was stated by Premier Zhao Ziyang at a meeting with Frederic Affo, minister of foreign affairs and cooperation of Benin.

Zhao expressed the belief that there exists a promising future for the two countries to cooperate in new fields. He said the development of friendship between the two peoples is China's set policy.

Affo said Beninese people are satisfied with their cooperation with China and will make further efforts to develop the cooperation which is suitable for practical conditions in Benin. Affo said Benin is willing to expand the fields of bilateral cooperation to mining industry and fishery. He hoped that China would provide continuous aid in management and technology for already-completed cooperative projects in his country.

During the meeting Affo conveyed greetings from Beninese President Kerekou to Chinese leaders, saying the president attaches great importance to the development of cooperative relations between the two countries. Zhao Ziyang asked Affo to convey best regards from President Li Xiannian and himself to the Beninese president.

Affo Hosts Banquet

OW281734 Beijing XINHUA in English 1501 GMT 28 Jun 86

[Text] Beijing, June 28 (XINHUA) -- Beninese and Chinese foreign ministers agreed today that friendly relations between the two countries will further develop in the future. They were speaking at a return banquet given by Frederic Affo, minister of foreign affairs and cooperation fo Benin, at the embassy here tonight.

Among the guests were Chinese Foreign Minister Wu Xueqian.

Affo said he was satisfactory [as received] with his meeting with Premier Zhao Ziyang and talks with Wu Xueqian and other Chinese officials. He noted that Benin-China relations is very good and will become even better in the future.

Wu said it is an important part of China's foreign policy to strengthen its unity and cooperation with African countries. Affo and his party will leave here for a visit to other parts of China tomorrow.

GENG BIAO MEETS WITH IVORY COAST WOMEN

OW280908 Beijing XINHUA in English 0651 GMT 28 Jun 86

[Text] Beijing, June 28 (XINHUA) -- Geng Biao, vice-chairman of the National People's Congress Standing Committee, met a women's delegation from Cote d'Ivoire here today. The delegation is headed by Mme. Hortense Ada-anghui, member of the Political Bureau of the Democratic Party, vice-president of the National Assembly, and president of the National Women's Federation, of Cote d'Ivoire.

This is the first women's delegation from Cote d'Ivoire to visit China since the establishment of diplomatic relations between the two countries. Geng expressed the hope that the exchanges between the two women organizations will help promote the mutual understanding and friendship between the two peoples.

The delegation will leave here for a visit to Shanghai and Yantai in east China's Shandong Province tomorrow.

SOUTH AFRICA'S NEWS BLACKOUT POLICY RAPPED

HK241500 Beijing RENMIN RIBAO in Chinese 24 Jun 86 p 6

["International Jottings" by Ru Sheng: "It Is Impossible To Block the Passage of Information"]

[Text] Botha, the chieftain of the South African authorities, imposed strict news censorship in his country when he slammed downed a state of emergency, prohibiting reporters and cameramen from approaching areas inhibited by black people or areas where "riots" might happen. In addition, all reports about the actions of the army and the police for "maintaining public order" are censored by his regime. The South African rulers thought that by taking these measures, they would be able to conceal from the whole world their atrocities in suppressing the black people. But what will this really result in?

A person's hand can never hide the sky from view. Facts show that the South African authorities can never block the reports about their bloody atrocities. These reports are all the more rapidly and widely spread around the world. Since the South African authorities imposed the state of emergency, more than 40 people have been killed and more than 3,000 people have been arrested. The police force broke in mosques and shot at Muslim women and children at memorial ceremonies with rubber bullets and tear gas; the army also forced its way into the churches of white people to smash the wreaths that people laid for the martyrs in Soweto. How can these events and other numerous scandals be concealed from the public eye? They have aroused the righteous indignation of the people throughout the world and have been strongly condemned by the international community.

In fact, such tricks as news blackouts were used by other fascists like Hitler in the past, but none of them succeeded in really blocking the spread of news reports; on the contrary, the evils would just more quickly be exposed to the light of day and thus aroused millions and millions of people to rise to oppose fascism and to finally bury these criminals. This is an inevitable fate that no reactionary rulers can evade. The racist authorities of South Africa will certainly come to no good end.

RENMIN RIBAO COMMENTS ON MIDDLE EAST CONFLICT

HK240209 Beijing RENMIN RIBAO in Chinese 23 Jun 86 p 6

["Short" commentary: "Do Not Sadden the People and Gladden the Enemy"]

[Text] Large-scale armed clashes between forces defending the Palestinian refugee camps in West Beirut and the southern suburbs, and the "al-Amal" militia of the Lebanese Shiite Muslims have been going on for more than a month. Fierce fighting has resulted in several hundred casualties. The three Palestinian refugee camps in Sabra, Chatila, and (Brajenaibul) [bu la jie nai bau 1580 2139 2638 1143 1027] have been seriously damaged and the situation in West Beirut has deteriorated again. Chairman Yasir Arafat has, on many occasions, called urgently for a stop to the massacre in the refugee camps. The international community and the relevant quarters have also mediated in many ways. However, tensions in the refugee camps have not eased. This situation cannot but attract the concern of many Arab states. The Chinese government and people also show great concern over these events.

For a long time the Israeli policy of aggression and expansion has subjected the Palestinian people, and the Arab people, to repeated disasters.

In the struggle to resist the Israeli aggression and occupation, the Palestinian and Lebanese people have fought bloody battles and made major sacrifices. At present, Israel has not only hampered the peaceful reunification of Lebanon by continuously entrenching itself in southern Lebanon, but also refused to change its stubborn stand opposing the Palestine Liberation Organization and the Arab states, and wantonly tramped underfoot the national rights of the Palestinian people for independence, self-determination, and the establishment of their own country. Faced with a formidable foe, the fraternal Arab people can only unite in order to save themselves. Internal dispute can only sadden the people and gladden the enemy. We hope that all parties to the clashes will set store by the Palestinian and Arab national interest and cease the bloody clashes as soon as possible.

Due to complicated historical reasons, disputes and differences of opinion still exist among the Arab people. However, recovering lost territories and restoring the legitimate rights of the Palestinian people have always been common objectives for which the Arab nations have been fighting. At present, the situation in the Middle East is in turmoil. The great cause of the Arab nation has not been achieved. Resorting to force among brothers can only deepen the feud and hinder unity. This is detrimental to the overall interests of the Arab nation. The Chinese people have consistently supported the Palestinian, Lebanese and Arab people in their just struggle. We sincerely hope that all parties to the clashes will answer the calls and mediations of the international community, solve their disputes through peaceful consultation, become reconciled, and join forces to oppose the enemy.

LEBANESE PRESIDENT'S GULF STATES TOUR ANALYZED

OW251242 Beijing XINHUA in English 1219 GMT 25 Jun 86

["News analysis: Success and Failure of Lebanon President's Tour of Five Gulf States (by Xing Lizhu)" -- XINHUA headline]

[Text] Beirut, June 25 (XINHUA) -- Lebanese President Amin al-Jumayyil's five-Gulf-nation tour is generally believed to have reached his principal aim of boosting his image as a head of state in the Arab world. The Lebanese president has returned to Beirut after winding up his Gulf tour which took him to the United Arab Emirates, Bahrain, Oman, Kuwait and Qatar.

Al-Jumayyil, who once complained of being the "least envied president in the world", was boycotted by his country's Muslim leaders since he refused to ratify the Syrian-sponsored tripartite peace agreement signed by leaders of three main Christian and muslim militia groups last December. Against the mounting pressure and isolation, Al-Jumayyil went abroad to seek international help. But his Gulf tour was described as "more important than his previous visits to France, Tunisia, Morocco and Romania. During his talks with leaders of the five Arab states, President al-Jumayyil was reportedly assured of "full support" for his efforts to maintain his country's independence, sovereignty and territorial intergeiry. He also reportedly won their support for his political and reconstruction plan to enable the war-weary Lebanese people to come out of their present national crisis. It is disclosed here that Al-Jumayyil's political and reconstruction plan includes reconsidering the tripartite accord before it is handed over to the parliament for amendment and discussion.

President al-Jumayyil, who is a Christian Maronite, explained to the Muslim Arab leaders why he rejected the tripartite accord. He listed the following reasons.

-- A president cannot ratify and support any pact without being consulted by the constitutional organs;

-- A national peace solution must involve all parties concerned, not militia leaders only;

-- A basic accord should be reached between Syrian President Hafiz al-Asad and himself; and

-- The tripartite accord cannot be taken as a sound basis for ending the Lebanese crisis and, therefore, must be amended.

He asked the Gulf leaders to mediate between Assad and himself to restore their dialogue as soon as possible.

Al-Jumayyil reportedly intends to continue his visit to Saudi Arabia and Jordan later this month and may also go to the United States to seek further support for his peace plan. Despite his success in winning political and moral support, Al-Jumayyil is reported to have failed in persuading these oil-rich nations to resume their economic assistance to Lebanon in accordance with the 1976 Baghdad summit resolution.

The Gulf states have halted the aid since Israeli invasion of Lebanon in 1982 and have promised to restore their donations whenever the Lebanon's civil war stops and the government resumes its full function. Lebanon's 11-year-old civil war is plunging the country into a serious crisis and the economic and social situation is worsening. The once hard currency "Lebanese pound" has plummeted to a record low against the U.S. dollar. It devaluated by 150 percent within half a year to the current 46 pounds for one dollar.

Observers here believe that it remains very difficult for Al-Jumayyil to rescue his country out of the present political and economic crisis.

IRANIAN ENVOY TO PRC ON ECONOMIC RELATIONS

LD242129 Tehran IRNA in English 1752 GMT 24 Jun 86

[Text] Beijing, June 24, IRNA -- Irano-Chinese joint economic session will be held here soon according to Iran's outgoing ambassador to the Chinese capital 'Ali Khorram on Tuesday.

Khorram said also in a meeting with China's Minister of Foreign Economic Relations and Trade, Mr. Chung, that Iran-China bilateral relations have expanded in the past four years. "Although commercial cooperation between the two countries is not what it can be, however, it remains at a good level", said Khorram.

Khorram said Iran's Deputy Prime Minister Mr. Mirzadeh is to visit Beijing in a near future at the invitation of a top advisor of the Chinese Government. The Iranian ambassador also called on the Chinese minister to fully execute bilateral oil agreements concluded between the two countries. He also expressed hope that China would step-up its import of Iranian non-oil commodities.

In response the Chinese minister expressed satisfaction over the growth of bilateral relations including trade cooperation during the past few years. He furthermore assured the Iranian ambassador that he would do his best to ensure that the joint economic session ends a success.

SCIENCE, TECHNOLOGY MEETING STRESSES FREEDOM

RENMIN RIBAO Editorial

OW280558 Beijing XINHUA in English 0537 GMT 28 Jun 86

[Text] Beijing, June 28 (XINHUA) -- An editorial in the PEOPLE's DAILY today called for creating "a democratic and harmonious academic environment" to enable scientists and technicians to fully display their abilities.

"This makes it necessary to carry out to the letter the policy of letting a hundred schools of thought contend, which is the only correct guideline for developing science," said the editorial marking the closing of the Third National Congress of the Chinese Association for Science and Technology here Friday.

"In the academic field, people should be free to air any point of view, criticise any point of view and reply to criticism," it said, noting that people are protected by China's Constitution in doing so.

The editorial told all Communist Party and government leaders not to intervene at will in academic disputes, still less support one academic point of view by administrative means while opposing another.

It said: "As channels for the party and government to contact and unite people with technical expertise, the Association for Science and Technology is duty-bound to help leaders at all levels implement the policy of letting a hundred schools of thought contend."

It urged leaders to solicit different views from scientists and technicians when making decisions on major research topics, economic construction and social development.

The editorial described spreading technical expertise among government employees and the public as a "historical task" for promoting the country's reforms, material civilization and socialist ethics.

This task falls first on the shoulders of millions of ordinary Chinese scientists and technicians, as well as members of the Chinese Association for Science and Technology.

A commentary in the GUANGMING DAILY, which is read widely by intellectuals, today called on scientists and technicians to be models in promoting socialist culture and morality, while improving their professional proficiency.

CHINA DAILY Comments

HK270148 Beijing CHINA DAILY in English 27 Jun 86 p 4

[By CHINA DAILY commentator]

[Text] The Chinese Association for Science and Technology is scheduled to close its national meeting today, and the nation salutes its scientists.

This parade of the nation's inventive power has been congratulated by the central leadership of the Communist Party and all other major citizens' organizations. Press interviews of leading scientists are being highlighted in the media.

Creative men and women are highly regarded in China today. They may have been ignored or even wronged during the "Cultural Revolution" of the late 1960s and early 70s. But their condition began to improve after December 1978 when the party re-oriented its major policies.

Now China, recovered from the devastation of the "Cultural Revolution" when science and technology made little progress, is leading a modernizaton drive aimed at providing the country with a face-lift. Though still eager for development, it can take pride in its own advance in pure science and in the fields of industry, agriculture, space and medicine.

The current meeting was convened as the nation embarks on its Seventh Five-Year Plan (1986-90), as called for by the National People's Congress session last spring. Thus, the association as a popular organization and an important tie for uniting scientists with the Party and government, has made clear its determination to join in translating the development programme into reality.

It should be noted that the key to the success of scientists; endeavours lies in reforming the existing system of scientific and technological research, to connect it effectively with agricultural and industrial production as well as education. In the coming years, they are expected to help add to the economic power the nation is still short of, especially in the energy industry, transport and communication sectors, and production of materials.

Their 'sparking programme" initiated to buttress rural enterprises should prove able to stimulate further growth of market-oriented production. And help to the poor regions in particular should bring about tangible results.

Scientists also need exchanges among themselves and with colleagues abroad. This will not only help the flow of information, spread new theories, and speed up technological progress, but also facilitate the ultimate reform of the scientific and technogical research setup in China. Undoubtedly, the Chinese Association for Science and Technology can play an active role in all these fields. Shouldering responsibility for spearheading the nation's future development, scientists themselves deserve more understanding, encouragement and support from the rest of society. That of the leadership is certainly the most important.

Scientists must enjoy the freedom to express their views and be guaranteed access to participate in the decision-making process on affairs related to their specific fields. This is a prerequisite for the healthy development of the nation's science and technology and a successful modernization drive as well.

Freedom of Ideas Stressed

HK280332 Beijing CHINA DAILY in English 28 Jun 86 p 1

[Text] Two thousand leading scientists put their weight yesterday behind the policy of allowing more freedom of ideas in the academic world.

The third National Congress of the Chinese Association for Science and Technology, which ended yesterday, approved a resolution which called for the adoption of the policy of "letting 100 schools of thought contend" into the association's constitution.

The resolution also stressed the principle: "Economic development depends on the advancement of science and technology, and science and technology must serve economic development."

The association has agreed to report the views and demands of scientists and technicians to the Communist Party and government, and to defend their legitimate rights. A work report by outgoing association president Zhou Peiyuan was also approved at the meeting.

Newly-elected President Qian Xuesen said: "This meeting has developed democracy and strengthened unity among scientists and technicians."

Qian said Chinese scientific and technical workers were now mobilized to take part in the nationwide reforms, and to make great contributions to the country.

Government and party leaders attending the closing session included Hu Qili, Fang Yi, Li Peng, Hu Qiaomu, Zhang Jingfu and Song Jian. Party and State leaders Deng Xiaoping, Zhao Ziyang, Peng Zhen, Deng Yingchao and Ulanhu met and had a picture taken yesterday afternoon with all deputies attending the congress.

Leading Comrades Meet Delegates

OW272322 Beijing XINHUA Domestic Service in Chinese 1214 GMT 27 Jun 86

[Text] Beijing, 27 Jun (XINHUA) -- Comrades Deng Xiaoping, Zhao Ziyang, Peng Zhen, Deng Yingchao, and Ulanhu met with all the participants to the Third National Congress of the China Association for Science and Technology at the Great Hall of the People this afternoon. The leading comrades also posed with the delegates for a group photo.

Other leading comrades who took part in the meeting and photo session were Wan Li, Fang Yi, Tian Jiyun, Li Peng, Yang Shangkun, Yang Dezhi, Hu Qiaomu, Hu Qili, Yao Yilin, Qin Jiwei, Chen Muhua, Chen Pixian, Hao Jianxiu, Wang Zhaoguo, Song Renqiong, Wang Ping, Wang Shoudao, Li Desheng, Huang Zhen, Cheng Zihua, Wang Heshou, Peng Chong, Zhu Xuefan, Ngapoi Ngawang Jigme, Banqen Erdini Qoigyi Gyancan, Seypidin Aizezi, Jan Jici, Rong Yiren, Yefei, Chu Tunan, Zhang Jingfu, Zhang Aiping, Song Jian, Yang Jingren, Kang Keqing, Qian Changzhao, Yang Chengwu, Chen Zaidao, Lu Zhengcao, Zhou Peiyuan, Miao Yuntai, Wang Guangying, Qu Wu, Ma Wenrui, Mao Yisheng and Qian Xuesen.

Qian Xuesen New Association Head

OW270951 Beijing XINHUA in English 0933 GMT 27 Jun 86

[Text] Beijing, June 27 (XINHUA) -- Qian Xuesen, a scientist who helped develop China's atomic bomb, was elected president of the country's 6.5-million-member Association for Science and Technology today.

Qian, 74, who has also been a key figure in China's missile and satellite programs, told XINHUA he wanted to "unite the association to help wipe out backwardness, superstition and ignorance."

He said it is in the national interest for the "policy of 'let a hundred schools of thought contend' to persist in scientific discussions."

At an association meeting here this morning, Fang Yi, a member of the State Council, China's highest governing body, praised Qian for his "profound knowledge, patriotic enthusiasm and contributions to the country's sciences and technology."

Qian Xuesen Addresses Meeting

OW281103 Beijing XINHUA Domestic Service in Chinese 1421 GMT 27 Jun 86

[Excerpts] Beijing, 27 Jun (XINHUA) -- After successfully fulfilling its various tasks, the Third National Congress of the China Association for Science and Technology closed today in Beijing.

Attending the closing ceremony were Hu Qili, Fang Yi, Li Peng, Hu Qiaomu, Yan Jici, Zhang Jingfu, Song Jian, Zhou Peiyuan, Wang Guangying, Mao Yisheng, and Qian Xuesen.

The meeting adopted a resolution to endorse the "Report on the Work of the China Association for Science and Technology" by Zhou Peiyuan, and the "Regulations of the China Association for Science and Technology."

The congress issued certificates to the honorary chairman and vice chairmen of the Science and Technology Association, and announced the namelist of the chairman, vice chairmen and standing committee members of the Third National Committee of the China Association for Science and Technology.

Qian Xuesen, newly-elected chairman of the Science and Technology Association, delivered a closing speech. He said: At the opening ceremony of the congress, Comrade Hu Qili made an important speech on behalf of the CPC Central Committee and the State Council. Today, Deng Xiaoping and other leading comrades at the central level have cordially met with all the deputies to the congress. We are determined to live up to the expectation of the party and the people. In carrying out our work in the future, we must concentrate our efforts on reforming the system for the development of science and technology, unswervingly cater to the needs of economic construction, and serve the four modernizations program. At the same time, we must bring into full play the role of science and technology in promoting spiritual civilization, and struggle against those who are ignorant, superstitious, and backward. In promoting exchanges with scholars at home and abroad, we must continue to adhere to the principle of letting a hundred schools of thought contend, and promote scientific development and technical progress.

Qian Xuesen hoped that, after going back to their respective units, the deputies would earnestly study the speeches by the central leading comrades, relay the guidelines laid down by the congress, strive to overcome the difficulties that they may possibly encounter on their road of advance, implement the various tasks put forward by the congress, persistently carry out reform, give full play to democracy, seek no false reputation, perform more actual deeds and work harder than ever before to build the "home for scientists and technicians."

Song Jian on Promoting Science

OW270505 Beijing XINHUA Domestic Service in Chinese 1335 GMT 25 Jun 86

[Text] Beijing, 25 Jun (XINHUA) -- At the Third National Congress of the Chinese Association for Science and Technology, Song Jian, state councillor and chairman of the State Science and Technological Commission, delivered a speech. In it, he said that the Association for Science and Technology is a bridge by which science and technology can be applied to economic construction and popularized among the people. This bridge will play an even more significant role in the Seventh 5-Year Plan period.

He said: The 138 national societies and other organizations, with a membership of 1.8 million, are affiliated with the Science and Technology Association. Through the various local associations and the various local academic societies, its 1.8 million members are in contact with another 6-7 million scientists and technicians. This is a tremendous force. Therefore, the Science and Technology Association is an extremely important link in promoting Chinese science and technology. The various government organs that are working in the field of science and technology should give the necessary financial support and help to the association and its affiliated economic societies.

Song Jian pointed out: Since the Second National Congress of the Chinese Association for Science and Technology, the association's various branches and affiliated societies have organized scientists and technicians in various fields to go into mountainous and rural areas and into industrial and mining districts in order to carry out mass activities promoting science and technology. They have done a great deal of work on invigorating the local economy, helping to make policy decisions, and rendering technical services. The consultations and services in the field of science and technology provided by the association have won widespread acclaim and praise from all sectors of the party, government and society. He hoped that the Science and Technology will continue to make contributions to implementing the party's policy on the development of science and technology.

He said: In order to develop the world economy and make breakthroughs in science and technology, scientists and technicians must fight on two fronts. There is no doubt that the main scientific and technological forces must be deployed on the main battlefield, which is to serve the task of quadrupling the total agricultural and industrial output by the turn of the century. At the same time, we must also organize a contingent of competent and outstanding scientists and technicians to work hard in the field of new high technology and in basic scientific research. We must try to keep track of the latest new developments in science and technology, make new breakthroughs whenever possible, and approach and catch up with the world's achievements in science and technology. He said: The various academic societies affiliated with the Science and Technology Association are in contact with nearly all the outstanding scientists in China. They become a large treasure house of competent and qualified scientists and technicians. We hope that the science and technology association and its affiliated academic societies will play an even more significant role in following the new trends of world developments in science and technology and in promoting new, high technology.

On the issue of building the Science and Technology Association into a "Home for scientists and technicians." Song Jian said: the various academic societies affiliated with the science and technology association should take it as a strategic task to admit more young scientific and technical workers. More young scientific and technical workers should participate in the various activities of this community. Only by doing so will it be possible for the various academic societies affiliated with the Science and Technology Association to flourish, face the future, and meet the needs of the world.

He said: The Science and Technology Association should also become a great community where scientific researchers can freely carry out discussions, learn from each other, and closely cooperate with each other so that scientific and technical circles as a whole are marked by unity, friendship and cooperation. The spirit of democracy, freedom, and creativeness must be brought into full play in the field of science and technology.

Song Jian also pointed out: We should strengthen the alliance between workers in the field of natural sciences and those in the field of social sciences, and integrate science and technology with the economy and society. He hoped that the Science and Technology Association will not only become the home of workers in the field of natural sciences, but also provide more opportunities and better conditions to integrate social sciences with natural sciences.

Fang Yi Speaks

OW281051 Beijing XINHUA Domestic Service in Chinese 1340 GMT 27 Jun 86

[Text] Beijing, 27 Jun (XINHUA) -- The Third National Committee of the China Association for Science and Technology held its first meeting this morning to elect its chairman, vice chairmen and standing committee members, forming the new leadership of the association. On behalf of the party Central Commitee and the State Council, Fang Yi, member of the Political Bureau of the CPC Central Committee and state councillor, attended the meeting to extend his warm greetings and deliver a speech. He said: The "Third National Congress" of the China Association for Science and Technology will definitely become a starting point for creating a new situation in doing the work of the association, and turn a new page in the association's annals.

Currently, extensive reform is being carried out in the course of implementing the "Seventh 5-Year Plan." This has given the Science and Technology Association an arduous and glorious task, and opened up a boundless vista for its invigoration. From now on, the Science and Technology Association should keep pace with reform, persistently carry it out, promote it, and play an even greater role in its implementation. Particular efforts must be made to admit more outstanding middle-aged and young scientists and technicians into the association and help China build a large contingent of scientists and technicians, who are more competent than those of the previous generation. This is the key to developing the cause of science and technology in China.

He emphatically pointed out: The science and technology association acts as a link between the party and government on one hand and scientists and technicians on the other. It is the assistant to the party and government in developing the cause of science and technology.

Naturally, the Science and Technology Association must take the initiative in playing its role in this regard. However, party committees and governments at all levels must also attach great importance to, and support, the association in its work. We should realize that the greater role science and technology play in promoting economic construction and the better socialist democracy and the legal system become, the greater our need to bring into full play the role of the science and technology association. This is an important embodiment of the party's mass line in the new historical period.

Later, Qian Xuesen, newly-elected chairman of the Science and Technology Association, spoke. He pointed out: From now on, the China Association for Science and Technology must continue to give full play ot its predominance as a mass organization, and make new contributions to accelerating the pace of realizing China's four modernizations program.

Hu Qili Speech

OW280429 Beijing XINHUA Domestic Service in Chinese 1322 GMT 26 Jun 86

[Capitalized passage denote those passages designated by XINHUA to be published in Boldface]

[Text] Beijing, 26 Jun (XINHUA) -- Speech at the Third National Congress of the Chinese Association for Science and Technology, 23 June 1986: by Hu Qili:

Delegates, comrades, and friends:

At this ceremonial opening of the Third National Congress of the Chinese Association for Science and Technology, on behalf of the CPC Central Committee and the State Council, I extend warm congratulations to the congress and cordial regards to all the delegates and, through you, to the scientists and scientific-technological workers on all fronts throughout the country!

In the spring of 1980, the Chinese Association for Science and Technology held its second national congress. It has now been more than 6 years since that time. During this period, our reform has spread from the countryside to the cities and expanded from the economic to the educational, scientific, and technological areas. At the same time, an intensive change has appeared in our country's outlook, and universally acknowledged achievements have been made in our socialist modernization program. Meanwhile, the front of scientific-technological work, which is an important aspect of our socialist cause, is in a quite gratifying state.

The reform of the science and technology management system is developing in a healthy way, and the strategic policies that economic construction must rely on the advance in science and technology and the guidelines that scientific and technological work must be geared to economic construction are being implemented in depth. A new situation has come into being in integrating science and technology with economic construction. The technology market has expanded quickly. The state of affairs marked by a lack of coordination between the work of scientific research, design, and education and the work of production, and the existence of barriers between military and civilian work and between departments and regions has been somewhat changed.

The initiative and creativity of scientific-technological workers have been brought into fuller play. During the Sixth 5-Year Plan, fruitful results were achieved in over 30,000 major scientific research projects carried out on various fronts, some of them holding a leading position in the world or having attained the advanced world level. Experts in science and technology are playing an increasing role in making social and economic policy decisions for our country. Activities of studying and applying science and technology are being carried out on a wide scale among the masses of workers and peasants. "Respecting knowledge and competent persons" is becoming a common social practice.

In recent years, the Chinese Association for Science and Technology has, on its own initiative, adhered to the correct orientation of combining science and technology closely with economic construction. It has organized the broad masses of scientists and technicians to conduct extensive academic exchanges and establish lateral ties at home and abroad, and gone all out to popularize the knowledge of science and technology. It has made energetic efforts to offer consultation services and facilitate contacts between scientific-technological workers and the party and government. It has thus played a significant role in building the socialist material and spiritual civilizations.

The unprecedentedly vigorous work done in rural areas to spread the knowledge of science and technology has contributed positively to developing the rural economy and helping peasants to extricate themselves from poverty, become better off, and build new modern rural areas. Science and technology, closely with economic construction, has made it possible to translate science and technology quickly into a productive force.

This has not only stimualted exploratory research to a great extent, but also brought about the development of basic theoretical study and high-technology research. Now the situation on the whole scientific-technological work front is the best since the founding of the People's Republic. Our country has made rapid progress in economic construction over the past few years. This is partly due to the work of the science and technology circles; it is lined with the enthusiasm and painstaking efforts of vast numbers of scientists and technicians. The intellectuals of our country have the fine quality of working with all their hearts and with all their strength for the nation and people. Exerting their utmost efforts and absorbed in their hard work, quite a number of our scientific-technological workers have engaged in long painstaking but creative labor and have dedicated their entire being to the people and society. This kind of precious spirit displayed by them has been praised by the people throughout the country.

Today I wish to take this opportunity to pay high respects and extend heartfelt thanks to the scientists and scientific-technological workers nationwide on behalf of the party Central Committee and the State Council!

As you comrades all know, we are now in an important historical period. The overall objective of our country's economic construction work up to the end of this century is to quadruple the gross annual value of industrial and agricultural production, using the 1980 record as a base figure, and to bring our people's living standards to a comparatively well-off level.

On this basis, we need to work hard for approximately another half century so that our economy will approach the level of developed countries in the world and China will become a strong socialist modern country with a high level of civilization and democracy.

Attainment of such a grand goal depends on the party's correct line and policies, the united and indomitable work of the people of all nationalities in our country and, at the same time, the great might of modern science and technology. In the present world, science and technology are propelling the progress of human society on an unprecendented scale and at an unprecedented speed. Competition among ccountries in the world is, to a great extent, competition in real economic strength, while competition in real economic strength is, to a great extent, competition in science and technology. With the development of technology, new changes are occurring with each passing day, and the interval between the required technological adjustments has been greatly shortened.

This represents a serious challenge for us. We are carrying out socialist revolution and contruction in a country that was in a semi-feudal and semi-colonial status very recently in modern history and whose social economy and cultural are still quite backward. Modern science and technology are certainly crucial to our program of the four modernizations, whether we view the question from this foundation of science and technology of our country, from the needs of building a socialist modern country, or from the challenge of the new technological revolution in the world we are facing. To a considerable extend, modern science and technology will affect and determine our progress in fulfilling the modernization goals of our country.

Confronted with such new circumstances and demands, we hope that comrades on the scientific-technological front the associations for science and technology at all levels throughout the country will work hard in three areas:

1. GO ALL OUT TO REFORM THE MANAGEMENT SYSTEM OF SCIENCE AND TECHNOLOGY, UNSWERVINGLY GEAR THE WORK TO ECONOMIC CONSTRUCTION, AND TAKE IT AS A PRIMARY TASK OF SCIENCE AND TECHNOLOGY TO HELP ACHIEVE THE GOAL OF QUADRUPLING THE GROSS ANNUAL VALUE OF INDUSTRIAL AND AGRICULTURAL PRODUCTION BY THE END OF THIS CENTURY.

Developing of the economy and achievement of the four modernizations are the ultimate goal of all work of the whole party and people throughout the country. Scientific and technological work must be closely linked with this goal and serve its needs. One of our basic viewpoints with regard to reforming the science and technology management system is the need to overcome the mistaken lack of coordination among science and technology, education, and production and to closely integrate work in these three fields. Modern science and technology are the most vigorous and decisive factors for a new social productive force. They are mighty motive forces to increase the vitality of enterprises, develop commodity production, and raise economic benefits and labor productivity. All accomplishments in science and technology must be quickly put to widespread use in promoting economic and social development. This is the only way to realize the value of such accomplishments.

To gear the work of science and technology toward economic construction, it is necessary, first of all, to apply new scientific research results to various sectors of the national economy, especially to those trades and economic sectors that have a great bearing on our economic construction and social development. These sectors include energy production, transportation, telecommunications, and raw and semifinished materials industries.

Meanwhile, great attention must be paid to gearing the work to the needs of rural areas. Agriculture is the foundation of our national economy. When agriculture is developed, our life will be better. If agriculture has setbacks, our modernization program will be adversely affected. The in-depth development of the economic structural reform and the change in the production structure in rural areas have placed new demands on science and technology circles. The "sparkling plan," being carried out in the rural areas of our country, is a good way and a good measure for science and technology to serve the needs of the rural economy. Associations for science and technology at all levels should give great support to and take an active part in this plan to as to introduce science and technology to peasants.

In gearing science and technology to economic construction, consideration should be given not only to big and medium-sized enterprises, but also to small enterprises. Small enterprises, including village and town enterprises, have greater flexibility and adaptability. Once modern science and technology and modern scientific management methods are introduced to these small enterprises, they will show their great vitality and become vigorous reinforcements in the program of the four modernizations.

While serving the goal of quadrupling the value of industrial and agricultural output by the end of this century, we must also attach great importance to the study of basic sciences and keep up with the development of advanced sciences. From a long-range point of view, China's economic rejuvenation and modernization must rely on advanced technology. Whether or not China can attain the level of the economically developed countries during the next century will largely be determined by the state of the nation's scientific development and technological reserves. As such, in the course of our scientific and technological development, we must correctly handle the relationship between immediate and long-range needs, between our goals and our present reserves, and between the study of applied sciences and the study of basic sciences. In short, while striving to achieve the quadrupling goal by the end of this century, we must sustain the needed reserve strength for economic construction during the next century by being scientifically and technologically prepared for economic development at that time.

2. GIVE FULL SCOPE TO THE ROLE OF SCIENCE AND TECHNOLOGY IN SPIRITUAL CONSTRUCTION, AND FIGHT AGAINST IGNORANCE, SUPERSTITION, AND BACKWARDNESS.

The basic objective of our country's socialist spiritual construction is to improve the people's thinking and ethical conduct, and upgrade their scientific and educational level. It is impossible for us to achieve socialist modernization without revolutionary ideals and a sense of morality and discipline, or without the popularization and constant development of modern science and culture. Therefore, an important aspect of our spiritual construction is to constantly upgrade the people's scientific-technological level by energetically popularizing scientific and technological knowledge among them.

Marxism maintains that science is a driving, revolutionary force in history. The scientific-technological development today, which has triggered a new industrial revolution, is a great force that is changing people's outmoded and traditional concepts and improving their cognitive ability.

China has long and fine traditions and culture, but the residue of outmoded, ignorant, and backward ideas, which are incompatible with socialist spiritual construction, still fetters people's minds and obstructs the process of reform and modernization in various sectors. Therefore, we must replace ignorance and backwardness with scientific spirit and scientific knowledge, and achieve all our goals on the basis of mankind's scientific achievements.

To ensure normal progress of reform and expedite modernization, we must do away with poverty and ignorance. Fighting against feudalism, superstition, ignorance, and backwardness is a glorious historical mission shouldered by the vast number of scientists and technicians. It is also an arduous and serious task throughout the course of our spiritual construction. Science and technology associations at all levels should gear their operation to the needs of society, especially the rural areas. They should intensify the training of personnel for popularizing sciences, broadly carry out scientific education, and advance our material and spiritual construction.

3. FOSTER DEMOCRACY, ENHANCE UNITY, UPHOLD THE PRINCIPLE OF LETTING A HUNDRED SCHOOLS OF THOUGHT CONTEND, AND BROADLY PROMOTE ACADEMIC EXCHANGE.

China's modernization and economic reform are facing two most crucial issues, namely the issue of competent personnel, and the issue of science and technology. The training of large numbers of competent personnel and scientific-technological development both depend on the fostering of democratic spirit and on having a sound democratic system. The party's principle of letting a hundred schools of thought contend is an embodiment of socialist democracy in the scientific sphere. Upholding this principle is essentially an issue concerning whether or not socialist democracy should be fostered and improved.

To promote scientific and technological work and bring about a situation where numerous competent personnel will come to the fore and all can give full scope to their talents, we must firmly uphold the principle of letting a hundred schools of thought contend and create a fine environment in which people can research and discuss academic issues boldly and freely. In the course of scientific research and academic discussion, not only should we encourage people with different opinions to discuss freely and encourage outstanding personnel to show their talents, we should also encourage scientists and technicians to express their opinions on major issues concerning economic construction, technical policies, and social development. We should encourage scientists and technicians to take part in studying and assessing these issues and making final decisions, and give full consideration to their opinions.

Even when final decisions have been made on the relevant issues, we should continue to heed and seriously study different opinions and new proposals, and adopt whatever is correct and useful. When some people's opinions are completely wrong, we should assist them with good will and warmth, and reason with them. By no means should we repeat the previous mistakes of suppressing different academic ideas and opinions, or even affixing all types of political labels to them.

Science and technology embodies the crystal of wisdom humankind has acquired for transforming society and nature. Broadly-based academic exchanges are an objective need for scientific-technological development.

First of all, we must promote interregional, interdepartmental, and interdisciplinary cooperation and exchanges; we must promote ties between scientific, technological, educational, and production departments so that scientific research, education, and production will be integrated and will assist each other to achieve common development. At the same time, we must broaden our vision, strive to learn foreign countries' advanced scientific and technological knowledge, and promote scientific and technological exchanges with foreign countries. We must remove the barriers between higher and lower levels and between departments and regions, oppose sectarianism, and promote unity and cooperation in tackling key issues.

As the sphere of science keeps on broadening and as research continues to deepen, the various branches of learning have become more meticulously divided and increasingly numerous. Furthermore, many subjects are interrelated. This has given rise to many peripheral subjects, causing more interrelated ties, fusion, and meshing among various disciplines of and between natural and social sciences. Because of this tendency in the development of modern science, we must make great efforts to promote lateral ties in scientific research. Since the Chinese Association for Science and Technology has maintained extensive ties with scientists and technicians of many disciplines in many areas, it is in an especially advantageous position where it can play a much more important role than other organizations. In this respect, the association has already accomplished a great deal of work with remarkable successes. In the future, it should continue to make good use of its advantageous role, provide good services, and make even more contributions.

To give fuller play to its role, the association should continue to give top priority to reform. While reforming itself, it should serve reform and the policy of opening to the outside world. It should seek no reputation, but do more work that can bring practical results. The association should operate democratically, warmly serve scientists and technicians, and reflect their opinions and requests to the party. It should firmly defend their legitimate rights and interests, and maintain the characteristics of being a mass organization, so that science and technology associations at all levels really become the homes of scientists and technicians. The Chinese Association for Science and Technology presently has 138 national societies, associations and research institutes, with 1.8 million members. The local branches of these societies, associations and institutes have 1.2 million members. These members, plus the 3.5 million members of associations for the popularization of science, are a mammoth contingent, whose ranks include prominent scientists, inventors, and engineers, as well as highly skilled technicians and craftsmen -- scientific and technical backbone workers on all fronts in the country. By doing practical work, the Chinese Association for Science and Technology should unite these people and bring their enthusiasm into play, so that each and every one of them will give full play to his expertise and contribute to socialist construction.

Speaking of unity, I want to point out emphatically that intellectuals, scientists, and technicians should also "respect knowledge and proficient personnel." Intellectuals, scientists, and technicians should learn from one another and support and respect one another. They all should create a good environment and good conditions for proficient people, so that their special capabilities and contributions will be acknowledged. Middle-aged and young scientists and technicians should respect their veteran counterparts, and learn from them humbly; the veteran scientists and technicians should support and train their younger counterparts and encourage them to be brave in bringing forth new ideas and in expressing their opinions in the academic field, and assist them to outdo themselves academically.

In other words, the masters should encourage their pupils to surpass themselves. Only when they can do so will there be continual scientific development and social progress.

The Chinese Association for Science and Technology is a mass organization of Chinese scientists and technicians themselves. It is a link by which the party and the government maintain close ties with scientists and technicians, and it serves as an assistant to the party and the government in promoting China's scientific and technological work. Party committees and governments at all levels should attach great importance to the association's role, give full scope to it, and support the association to operate independently, responsibly, and actively. They should strive to facilitate the association's operations so that it can continue to unite the vast number of scientific and technological development, rejuvenating the economy, developing intellectual resources, and improving the nation's scientific and cultural proficiency; and make even greater contributions to reform and socialist material and spiritual construction in all fields.

Comrades, let us work hard together to promote scientific and technological development, train more talented personnel, create a thriving economy, and rejuvenate China!

EXPERT NUCLEAR SAFETY COMMITTEE ANNOUNCED

OW271847 Beijing XINHUA in English 1720 GMT 27 Jun 86

[Text] Beijing, June 27 (XINHUA) -- China has formed an expert committee aimed at promoting safety in the country's nuclear power industry, Guo Shuyan, vice-minister of Science and Technology, announced here today. The new committee is comprised of 25 nuclear experts. Leading nuclear engineer Jiang Shengjie has been appointed chairman.

At a meeting today, Guo, on behalf of State Councillor Song Jian, who is minister of science and technology, presented committee members with their credentials.

He said safety was the key to the development of nuclear energy. China was determined to put safety and quality above all else in site selection, design, equipment manufacture, construction and operation management of nuclear power stations.

The nuclear safety committee will act as a consulting body to help the government in mapping out nuclear safety policies, regulations and standards, in assessing and supervising nuclear power stations and in conducting nuclear safety research.

China has so far drawn up five safety regulations which will soon be made public. At today's meeting, Deputy Director of the State Nuclear Safety Bureau Shi Guangchang said his bureau, as a representative of the government, would exercise strict supervision over civil nuclear facilities to ensure that power stations met international safety standards.

Since its founding in 1984, the State Nuclear Safety Bureau has given priority to preparing safety legislation. It has supervised the drafting of 70 regulations and rules, including the atomic energy law, and regulations covering radiation protection management, safety control of nuclear materials, transport of radioactive materials, research reactors and atomic accelerators.

Shi said his bureau was now concentrating on the construction of the Qinshan power station in Zhejiang Province and the Quangdong plant in southern China, as well as stepping up co-operation on nuclear safety with other countries.

WRITERS HOLD PRESS CONFERENCE IN BEIJING

Deng Youmei on Wang Meng

HK290549 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1514 GMT 27 Jun 86

[Text] Beijing, 27 Jun (ZHONGGUO XINWEN SHE) -- Deng Youmei, Xie Yongwang, Chen Rong, Yuan Ying, Shao Yanxiang, Zheng Wanlong, and other writers, poets, and critics met with some Chinese and foreign reporters here today. Deng Youmei, member of the Secretariat of the Chinese Writers' Association, answered questions raised by reporters.

Question: What impact will Wang Meng's appointment as minister of culture produce on China's literature?

Answer: It can be considered an experiment. Wang Meng believes that a person can be both a minister and a writer. If he can continue to produce works, he will be the first man in China's history to assume the post of minister as well as write novels. In my opinion, he can do it. Moreover, if a writer assumes the post of minister, he can convey the voice of writers directly to the government.

Question: Wasn't Mao Dun a minister as well as writer?

Answer: So far as I can remember, he stopped writing after assuming the post of minister.

Question: Does China have a guiding principle of literary creation?

Answer: Yes, it is serving the people and socialism. Nevertheless, this is only a general concept. Writers may also exercise their individual character and styles in literary creation.

Question: Is there no limit to writers' demands of "freedom of creation"?

Answer: I think that I have had enough freedom. Compared with the past, we never had so much freedom.

Other writers also answered some questions raised by reporters.

Xie Yongwang on 'Encouraging' Situation

OW271915 Beijing XINHUA in English 1801 GMT 27 Jun 86

[Text] Beijing, June 27 (XINHUA) -- Chinese literature and art has benefited since the policy of allowing "freedom to write and criticize" ws implemented 18 months ago, an official of the Chinese Writers' Association said today.

At a Beijing press conference, Xie Yongwang, editor-in-chief of the LITERARY AND ART GAZETTE, China's most influential newspaper in the field, said: "Facts have proved that the implementation of the principle has not caused ideological confusion.

"To the contrary, it has helped create an encouraging situation in literature."

He said that literary writing in the past 18 months had been characterized by its diversity both in theme and technique, which "more fully displays writers' individuality in writing and their talents.

"This has resulted from the fact that there has been less and less flagrant interferences with writers' literary creation in terms of what and how to write."

Social problems, especially those related to the country's reform drive, Xie said, were what most writers tried to reflect. In this aspect, Liu Xinwu's "Long Lens on May 19", Ke Yunlu's "New Star" and Shen Rong's "Subtract 10 Years" were representative works.

Works on other themes included Liu Suola's "You Have No Other Choice", which depicted the inner world of contemporary youth, Han Shanogong's "Father, Father, Father", which delved deep into ordinary people's traditional culture and thought, as well as novels about history, martial arts and love.

Compared with novel-writing, he said, literary critiques were even more dynamic, and literary discussions and debates had become more heated.

Xie, a leading literary critic, said today's critics were concentrating more on the nature, characteristics and laws of literature itself. They were paying more attention to studying and absorbing new literary fruits, and their criticism of a work was based on its literary merits rather than its political nature.

He noted that so far, the discussion of "A Man's Half Is a Woman," a controversial novel by Zhang Xianliang, which involves sexual description, had not gone beyond literary limits.

He said the Communist Party had recently stressed that a "comfortable, harmonious and friendly" environment should be maintained in the field of literature and art. He predicted that this would certainly lead to a better implementation of the party's policy of "letting 100 flowers blossom and 100 schools of thought contend".

The press conference was also attended by Deng Youmei, a member of the Secretariat of the Chinese Writers' Association, and several writers.

When asked what the impact on writers would be following the appointment of Wang Meng, a famous writer, as culture minister, Deng joked: "It is an 'experiment', which will show whether a writer can be a government minister at the same time. I myself believe that Wang will continue to produce literary works.

"The appointment has established a 'hot line' between writers and the government. From now on, the government can hear the writers' voice directly."

Further on Xie Remarks

HK300641 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1515 GMT 27 Jun 86

[Report: "Xie Yongwang on New Trends in Literary Criticism" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 27 Jun (ZHONGGUO XINWEN SHE) -- When meeting with foreign journalists today, Xie Yongwang, secretary of the China Writers Association and chief editor of WENYI BAO said: China's literary criticism community has now advanced more new ideas than in any previous year and debates among literary criticism circles are also livelier than at any previous time.

He enumerated some of the hot points currently under debate, such as the debate on the characteristics of literature triggered by the views of Liu Zaifu and Chen Yong; the controversy on the depiction of sex resulting from the different evaluations of Zhang Xueliang's novel "Half of Man is Woman"; and the discussion of the influence of the Western modernist school on China's contemporary literary creation -- discussion set off by young female writer Liu Suola's works.

Xie Yongwang said: WENYI BAO which is attached to the China Writers Association has stated its own views on the debate between Liu Zaifu and Chen Yong. It neither agreed with Chen Yong's views nor completely agreed with Liu Zaifu's. Although Chen Yong's article was published in the authoritative magazine HONGQI, he was only presenting his own views which can therefore be discussed and moreover, must be discussed.

He briefed the foreign journalists on the new characteristics of China's literary criticism. He said: First, it tends to discuss the nature and characteristics of literature itself. Liu Zaifu's contention that literary research should center on man and pay full attention to the complex nature of man shows this point of argument. Second, people in the literary world are more open-minded. They have enriched China's literary thought with the new achievements they absorbed from foreign countries. The discussion of literary root-seeking is apparently influenced by the trends of thought in literature prevailing in Latin American countries and based on absorbing the experience of the writer Marquez. Third, evaluation of literary works is centered on the success and failure of the works themselves rather than making political judgements on them. He said: The debate on Zhang Xueliang's "Half of Man is Woman" still going on.

ANHUI 'SECRETARY' LI GUIXIAN VISITS TRADE EXHIBIT

OW280820 Hefei Anhui Provincial Service in Mandarin 1000 GMT 27 Jun 86

[Text] The Anhui provincial negotiation conference on foreign economic relations and trade will open soon, to be held simultaneously with the provincial export commodities exhibition.

On the morning of 26 June, Li Guixian, secretary of the Anhui Provincial CPC Committee; Governor Wang Yuzhao; and other party and government leaders visited a preparatory exhibition.

A wider variety of products are exhibited this year than last year, a total of 3,200 kinds of commodities in 182 categories, 7,500 in all.

More than 2,000 kinds of commodities totaling 3,390 pieces, or 63.4 percent of the commodities on exhibition, are new products. This is a general review of the province's export commodities.

While visiting the exhibition, Comrade Li Guixian stressed: The key to achieving the Seventh 5-Year Plan lies in expanding exports and earning foreign exchange. We must persistently implement the policy of opening to the outside world and be bolder instead of being timid. Emancipating the mind is the precondition for enlivening the economy.

Comrade Li Guixian said: In addition to farm and sideline produce such as grain, edible oil, tea, and livestock products, we should vigorously promote the export of industrial and mineral products like [words indistinct]. State collectives as well as enterprises run by individuals should cooperate. Village and town enterprises should produce more export products. Anhui, with an abundant labor force, should develop labor-intensive industries.

Also visiting the preparatory exhibition were leading comrades including Ru Rongjing, Zhao Baoxing, Yuan Zhen, and Wang Guangyu as well as officials of departments concerned.

YANG DEZHI COMMENDS OUTSTANDING PLA PARTY MEMBERS

OW291200 Beijing XINHUA Domestic Service in Chinese 1412 GMT 28 Jun 86

[Text] Beijing, 28 Jun (XINHUA) -- At a meeting today the PLA General Staff Headquarters commended 52 outstanding party members and 23 advanced party organizations who have distinguished themselves in rectifying party style.

After party rectification, particularly since the convocation of the rally of 8,000 people held by the party Central Committee, the various organs and PLA troops under the command of the PLA General Staff Headquarters have attained remarkable results in rectifying party style. The outstanding party members commended this time include leading cadres who seek to correct themselves before they correct others and who have become pacesetters in rectifying party style, as well as ordinary soldiers who make their lofty ideals come true at their ordinary posts. They include discipline inspection cadres who stick to principle and encourage healthy trends, as well as personnel in financial management who remain uncorrupted although tens of thousands of yen pass through their hands. They also include old comrades who maintain their revolutionary integrity in their late years and attain new achievements, as well as those middle-aged and young cadres who carry forward the party's fine traditions and forge ahead on their road of advance. Those advanced party organizations commended this time include party committees at the divisional and regimental level as well as the grass-roots party branches.

Yang Dezhi, chief of General Staff, made a speech at the meeting. He said: In order to carry forward the party's fine traditions and bring about a fundamental change for the better in party style, it is particularly essential to improve the qualities of party members and strengthen the militancy of the party organizations. As long as the party organizations and leading cadres at all levels truly play their exemplary role well, we will definitely be able to bring about a fundamental change for the better in party style.

AFP VIEWS MACHINE FACTORY WAGE BONUS PLAN

HK270606 Hong Kong AFP in English 0553 GMT 27 Jun 86

[By Bernard Degioanni]

[Text] Jinan, China, June 27 (AFP) -- Factory director Zhang Jingzao made it clear that most of his 6,000 workers earned higher wages than he did and he was not surprised because they benefitted from the bonus scheme.

"It is only natural," he said, "because after all it is thanks to them that we are making a substantial profit." Mr. Zhang is one of six directors of the Number 2 Machine Tool Factory, China's biggest, at Jinan, 300 kilometers (180 miles) south of Beijing whose output is vital for the country. In a year, the factory has managed to double its net profit from six million yuan (1.8 million dollars) in 1984 to 12 million yan (3.6 million dollars) in 1985.

Mr. Zhang took his time to explain this undoubted success. He emphasized that work schedules were not increased, and workers were still given a day off for 51 hours of work weekly, earning an average wage of 75 yuan (23 dollars) a month. But on this last point Mr. Zhang was not telling the whole truth -- he missed out added bonuses, responsible for increased production, which are often three times the basic wage. Mr. Zhang acknowledged that a "a worker can earn regularly up to an extra 180 yuan (56 dollars) monthly in bonuses."

The pay packet of Mr. Zhang, who is 51 and has worked for 34 years at the factory, adds up to 160 yuan (49 dollars).

He does not consider that he should be paid more as one of six directors running the huge plant, pointing out that the management merely applies the economic reforms launched in 1978. "We work on the theory that he who works best, earns more."

On the other hand, poor work performances and mistakes are penalized by having part of the wage docked. At "Number 20" factory, a worker can lose as much as 50 yuan (15 dollars) at a time. The 1978 reforms permit this system of work bonuses and penalties, but there is opposition, especially in the provinces, from old guard managers who are also often local Communist Party leaders. Young factory managers and officials, despite raising production with bonuses, are often forced to resign because of local hostility to their new ways.

Mr. Zhang denied such difficulties existed at Jinan, but admitted that management of the factory was still not sufficiently rationalized. "We are still trying to combat the Soviet management system we adopted in the fifties." He suggested the work slogan "More Autonomy Equals More Responsibility."

"A factory can only become really autonomous if the power of decision of its managers reaches down to all levels, and on condition that benefits are shared out fairly. That is China's form of socialist management."

Mr. Zhang admitted that his promotion as a director of the factory eight years ago was due to the new economic reforms. "I want to get rich, and I want everybody else to be rich as well."

The "Number 2" factory was formerly run by the machine-building industry but in February 1985 responsibility was transferred to Jinan City Council.

"Previously we had to refer to Beijing over the smallest decision. We had many visits from senior officials, but they never resulted in anything concrete." "Everything was planned by central authorities -- production as well as sales. Now, it is up to the factory to find a market for its goods."

"In those days the workers were not bothered about profit or losses as they always received the same wage regardless of their output. Production was naturally affected."

Factory "Number 2" remains under state ownership. But this does not disturb Mr. Zhang who explained: "Today, in China, individual profit is not incompatible with state profit. If workers are better paid, it is because they work better and the state, in changing its policy, enables them to earn more."

The factory sells 90 percent of its production on the Chinese market, and 55 percent of its profits go to the state. The balance goes into investing in its hospital, schools, sports facilities, cinema and shops.

The factory provides housing for its 6,000 workers and families at a nominal rent of a more three yuan (less than a dollar) for a two-roomed flat.

Mr. Zhang pointed out that "a worker and his family can spend their entire lives here on factory ground without ever having to go into town" which is only three kilometres (about two miles) away.

JINGJI RIBAO ON RURAL PRODUCTION READJUSTMENT

HK261127 Beijing JINGJI RIBAO in Chinese 19 Jun 86 p 1

[Report: "China Has Taken an Important Step Forward in Readjusting the Rural Production Structure"]

[Text] The recent figures released by the rural social economic statistical section under the State Statistical Bureau indicated that during the Sixth 5-Year Plan period, after readjustment of China's rural production structure, its unitary and self-supporting rural economic setup began to change, resulting in a new situation of overall development of agriculture, forestry, animal husbandry, sideline production, and fishery.

It also resulted in comprehensive operation of agriculture, industry, the building industry, transportation, and commerce. According to the calculations of comparable prices, China's total rural social output value for 1985 was 634 billion yuan, an increase of 90.9 percent over 1980 and an average annual growth ate of 13.8 percent.

Basic production was consolidated. During the Sixth 5-Year Plan period, remarkable changes took place in the farming structure. Farmland unsuitable for growing grain was either sown with economic crops, trees, or grass, so the farmland was used reasonably. This cut the country's grain-sown area by 126 million mu, yet per-mu yield increased by 10 kgs. The total grain output increased by 58.55 million tons, or 18.3 percent. The economic crop-sown area increased by 96.85 million mu, or 40.6 percent. Proportional changes infarming are as follows: The output value of grain has decreased from 72.6 percent to 62.4 percent, and the output value of economic crops has increased from 15.7 percent to 20.5 percent. The output value of farming crops increased by 36.2 percent in 5 years.

Forestry, animal husandry, sideline production, and fishery have also developed rapidly, their growth rates being 54.9, 54.5, 170, and 78.2 percent respectively. The percentage of the output value of forestry, animal husbandry, sideline production, and fishery in the total agricultural output value has increased from 28.3 to 37.

The secondary and tertiary industries have developed rapidly and become the mainstay of the economy. Over the past 5 years, the percentage of those engaged in the secondary and tertiary industries in the total rural work force has increased from 10.8 to 18.1. Based on the calculation of comparable prices, the output value of industry, the building industry, transportation, and commerce in rural areas as increased by 190 percent, and their proportionin the total rural output value has increased from 31.1 to 42.9 percent. The tax submitted by township enterprises to the sate in 1985 amounted to some 10.86 billion yuan, an increase of 300 percent over 1980. Over the past 5 years, they submitted a total of 32.56 billion yuan in tax to the state and provided 6 billion yuan in funds for agricultural production.

Attention has been paid to unified readjustment of quality and quantity. The proportion of rice, wheat, and soybeans in total crops has increased from 63.3 to 69.9 percent. Urban residents now have flour and rice to eat the whole year. Of the grain consumed by peasants, 80 percent is flour and rice. There has also been an increase in the output of fine-quality food grains other than wheat and rice which are needed on the market.

In this regard to main ecnomic crops, the quantity of cotton, oil crops, and sugar has increased, and varieties have improved. The previous situation of importing a vast amount of cotton from other countries has been changed into the new situation of exporting cotton to other countries. The per capita oil crops allotment has increased from 3.9 kgs to 7.1 kgs. The output of sugarcane has increased by 130 percent.

In regard to livestock products, the output of beef and milk, which are of high nutritive value, has increased relatively fast, by 73.6 and 120 percent respectively.

The situation of supply falling short of demand for milk consumed by urban residents has greatly improved. There has been an increase in the output of dairy products.

In regard to aquatic products, the output of freshwater fish has increased greatly, by 140 percent in 5 years. The difficulty of urban and rural residents in many areas in getting fish to eat has been solved.

We must make readjustments and give play to one's advantages according to local conditions. After readjustment of the production structure, China's three economic zones, namely, the east, the middle, and the west, have gradually given play to their advantages and displayed their own economic features.

The east zone (Beijing, Tianjin, Shanghai, Jiangsu, Zhejiang, Shandong, Liaoning, Hebei, Fujian, Guangdong, and Guangxi) is relatively developed economically. the total rural output value of the zone in 1985 accounted for 54.1 percent of the country's total. The proportion of the output value of industry, the building industry, transportation, and commerce in the zone accounted for 52.1 percent of its total rural output value, exceeding that of the prime industry. The output value of industry, the building industry, transportation, and commerce on outskirts of Beijing, Tianjin, and Shanghai cities accounted for 70 percent of the total rural output value. What is prominent is that the proportion of the output value of rural industry, the building industry, transportation, and commerce of Jiangsu's Suzhow, Wuxi, and Changzhou in the total rural output value has reached 80 percent. The development on non-agricultural production has laid a good foundation for economic take-off in the east zone. The per capita social output value of rural work force in the east zone for 1985 reached some 2,193,41 yuan, and the per capita net annual income of persants was 462.7 yuan, both topping the three economic zones.

Most areas of the middle zone (nine provinces and autonomous regions including Heilongjiang, Jilin, Shanxi, Henan, Hubei, and Hunan) are China's commodity grain base areas and the average annual growth rate of farming for the zone over the past 5 years was 7.1 percent. The zone submitted and sold a total of 200 million tons of grain to the state in the 5 years, accounting for 45.6 percent of the grain purchased by the state. The output value of forestry, animal husbandry, sideline production, and fishery of the zone in 1985 increased by 69.4 percent over 1980. The proportion of the output value of rural industry, the building industry, transportation, and commerce in the total rural social output value has increased from 25.7 to 34 percent.

In the west zone (nine provinces and autonomous regions including Sichuan, Yunnan, Gansu, and Nignxia), animal husbandry and forestry developed fairly fast, while rural industry, the building industry, transportation, and commerce in the zone have just started. Over the past 5 years, the forestry output value of the zone increased by 100 percent, the output value of animal husbandry increased by 57.9 percent, and the proportion of the output value of the rural industry, the building industry, transportation, and commerce in the zone's total rural output value increased from 19.7 to 28.4 percent. The reasonable readjustment of the production structure in the west zone has promoted the development of commodity economy and basically solved the problem of the food and clothing for peasants in most areas.

RENMIN RIBAO ON PROPER USE OF EXTRABUDGETARY FUNDS

HK261128 Beijing RENMIN RIBAO in Chinese 25 Jun 86 p 1

[Commentator's article: "Moderate Activity, Flexible Control -- Correctly Guiding the Proper Use of Extra-Budgetary Funds"]

[Text] In the past few years, China has seen a rapid growth in extrabudgetary funds. The figure reached 143 billion yuan in 1985, equivalent to around 80 percent of the state's budgetary financial revenue. This is one of the indexes reflecting a real increase in the state's financial resources.

Controlling large amounts of extra-budgetary funds well and using them properly is an important task. Some enterprises and nonproductive service units have allocated their limited extrabudgetary funds for upgrading equipment and technological transformation projects as well as for social welfare, thus speeding up the development of education, science, public health, and other undertakings, improving urban public facilities, and preparing conditions for the future development of production and social services. Their example is worth emulating.

Now, a case that merits attention is that some localities have used extrabudgetary funds inappropriately and let enterprises or government departments start new projects blindly. In consequence, older enterprises did not get the resources necessary to upgrade equipment and undertake technological transformation; and on the other hand, newly started projects failed to be completed as scheduled, or could not operate normally but lay idle due to shortages of material resources, raw materials, and electric power. Some administrative and nonproductive service units, while complaining of shortage of funds, have issued unwarranted allowances in cash and kind from extrabudgetary funds in violation of state regulations. This shows that proper and improper control over extrabudgetary funds may give rise to a great difference. Therefore, it is necessary to provide correct guidance to guarantee the proper use of both extrabudgetary and budetary funds while allowing a reasonable degree of flexibility.

As compared with budgetary funds, extrabudgetary funds are to be used in a more flexible manner. That is to say, localities, departments, enterprises, and nonproductive service units are allowed to allocate extrabudgetary funds in a flexible manner in light of their local conditions. However, the funds also have something in common, namely, in both cases the use of funds must be in conformity with the requirements of the state's macroeconomic control. Although extrabudgetary funds are not included in the state's unified budget, they are, in the final analysis, state money. Therefore, the use of these funds must follow two principles: First, the principle of acting according to one's capability; and second, the prevention of extravagance and waste. It is wrong to argue that the state should not interfere in the use of extrabudgetary funds since they are reserved for disposal by localities, departments, and other units.

In order to achieve a comprehensive balance of the national economy, it is necessary to place particularly rigid restrictions on the use of extrabudgetary funds in capital construction and strictly prohibit issuance of unwarranted allowances in cash and kind in view of the temporary imbalance between the aggregate supply and demand. Now the state has already brought the growth in budgetary investment in capital construction under control and banks have also cut down loans for capital construction. However, the scale of capital construction in the whole society is still too large. One of the important reasons for this is that the scale of extrabudgetary investments has not been reduced but is likely to expand further. Some enterprises are using the available limited funds to launch extrabudgetary capital construction projects while complaining of the shortage of circulating funds. It seems that the shortage of circulating funds and raw materials that the enterprises are currently facing cannot possibly be significantly eased if we fail to make up our minds to cut back on many extrabudgetary construction projects.

NONGMIN RIBAO ON PROBLEMS OF SPECIALIZED HOUSEHOLDS

HK170535 Beijing NONGMIN RIBAO in Chinese 4 Jun 86 p 3

[Article by Shi Weimu, Gong Hui, and Shi Yanmin, of the Agriculture and Industry Department of the Haimen County CPC Committee, Jiangsu: "Why Have They Come to a Halt? -- Investigation on Six Rural Specialized Households"]

[Text] We recently conducted an investigation of six typical rural specialized households for our whole county. These households are engaged in four undertakings including cultivation, animal breeding, processing industry, and transportation. Their total assets are worth 475,000 yuan, averaging 79,000 yuan per household, ranging from 20,000 to 150,000 yuan. The duration of time of operation was 4 years for two of them, 3 years for three of them, and 2 years for one of them. From the point of view of their methods of operation, half of them undertake contracted responsibility for their operation and half operate independently. From the point of view of their economic results, four of them have been developing normally, one has had negative growth, and one has gone bankrupt. In spite of their differences in duration of operation, undertakings engaged, operational methods, operational economic results, and the factors that have determined their success and failure, the findings of the investigation show an identical phenomenon -- they all came to a halt when their operation was developing smoothly, and even wanted to voluntarily wind up their enterprises.

What factors have restricted their development? It turns out that the major reason is their fear of "changes," which has filled them with worries. This was mainly shown in the following:

First, the growth of their income has been slowing down. According to our initial statistics, the total net profit of these six households for the 1st year was 61,500 yuan, 10,250 yuan per household, ranging from 3,000 yuan to 43,000 yuan. That for the 2d year was 112,700 yuan, an increase of 183 percent over the 1st year and 18,400 per household, ranging from 6,000 to 87,000 yuan per household.

That for the 3d year was 19,300 yuan, 17 percent of that for the preceding year and 3,200 yuan per household, ranging from 700 to 11,000 yuan per household. We can see from this that the 1st year was mediocre, the 2d year was good, and the 3d year was bad.

Second, their production scale has been restricting their development. Their main practice was to make experiments in the 1st year, go all out in the 2d, and transfer to other production, wind up, or reduce their production scale in the 3d. From the investigation, we have learned that even when their products were marketable, when there were ensured sources of supply of raw materials, and when they had the necessary production capacity, they generally adopted restrictive measures and did not want to increase their investment in fixed assets. Huang Dehui, the specialized household engaged in smelting tin and aluminium, invested 9,000 yuan and earned a net profit of 11,000 yuan the 1st year, but wound up his enterprise in the 3d despite that there is a shortage of supply for his products. From the point of view of their work force, at the beginning, they generally employed long-term workers, but later, they gradually switched to employing short-term workers.

Third, their thoughts have made progress amid hesitation. 1) They have the desire and demand to follow the path of becoming rich together. Through making comparison in the past few years, they deeply find that one is happy when one becomes rich through labor and that one has ease of mind when one takes along other people in becoming rich by means of developing production. Four of them have done 13 things to benefit the public, helped 61 poor households with money, and provided free technological aid on 8 occasions. 2) They all planned to "live on interest." They all disclosed that they have the following idea: They planned to work hard for a few years or 10 years to enhance their economic strength and then live on interest. Some specialized households said: "There are a thousand factors affecting production, but policy and information are most important." They worried that they would be called to pay in two ways: 1) They feared being criticized politically, and that "once being branded with a label, generations of their descendants would suffer." 2) They worried that they would be called to pay economically and "be so heavily taxed as to borrow money to pay taxes."

We believe that in the light of the muddled ideas in the minds of our specialized households, we should intensify our work to educate and guide them, publicize the party's policies among them, and remove their worries, thus enabling them to forge ahead without worries.

'Short Commentary'

HK270557 Beijing NONGMIN RIBAO in Chinese 4 Jun 86 p 3

["Short Commentary": "Why Do They Fear Change?"]

[Text] In our rural areas, our peasants have always acted prudently and have always had a kind of contradictory mentality toward the party's current rural policies. They are both convinced in the policies and fear change in them. Therefore, they want to do something in their actions, but do not want to go all out in doing it. We say that they are convinced because they have indeed seen the tremendous changes that the implementations of these policies has brought to the rural areas.

This proves that the party's existing policies are very popular and that the peasants earnestly do not want a change in them.

As for their fear about changes, they do have such fear. All their many kinds of fear can be summed up as follows: 1) They fear that their property will be taken from them and their land, farm tools, and farm animals will again be put in the hands of collectives. 2) They fear that they will be deprived of decision-making power over their undertaking. 3) They fear the return to the old practice of "eating out of the same big pot" and to common poverty. 4) They fear that those who take the lead in becoming rich now will suffer political persecution and economic losses in the future when the policies change. In short, what they fear is precisely any change in the contracted responsibility system geared to households.

In fact, the policies of the central authorities are very clear and there is also no problem of "changes" in our real life. The CPC Central Committee's 1985 document No 1 clearly and correctly stipulates: "The contract responsibility system with remuneration linked to output and the practice of peasants carrying out their undertakings on a family basis will not change for a long time." It instructs that we "should continue to perfect our methods to assign land by contracts and the responsibility systems geared to forestry, animal husbandry, fish farming, and town and township enterprises." The CPC Central Committee's 1986 document No 1 reiterates: "The household contract responsibility system is our party's long-term policy and should never been changed at will against the demand of the masses of people."

Why then do they fear "changes?" Perhaps, for the following reasons: First, some of the party's policies have not yet been directly made public among the masses of people; therefore, they do not know the actual contents of these policies. Second, some cadres work methods are too simple or have given a one-sided explanation of the central authorities' policies. This has caused peasants to have doubt and worries. Third, they have heard and believed some rumors.

As long as we find the reasons for some peasants' "fear of change," we will have also found the key to overcome this fear. This mentality will then gradually disappear.

PEASANTS INCOME GROWS, HOUSING CONDITIONS IMPROVE

HK191107 Beijing GUANGMING RIBAO in Chinese 5 Jun 86 p 2

[Article by the State Statistical Bureau: "Sustained Growth in the Peasants's Income During the 'Sixth 5-Year Plan' period; and Marked Improvement in the Peasants' Housing Conditions in China"]

[Text] According to a sample survey of rural households throughout the country, during the "Sixth 5-Year Plan" period, as the income of the peasants constantly grew and their living conditions improved, the investment in housing made by rural households increased rapidly and an upsurge in building houses occurred in many localities. With the number of the newly built houses increasing year by year and their quality improving, the living conditions of the peasants have improved markedly.

1. More Than a Half of The Peasants Have Built New Houses and the Investment in Housing Made by the Peasants Has Increased by 190 Percent

During the "Sixth 5-Year Plan" period, with the improvement of the economic conditions of the rural households, the betterment of their living conditions has become their priority in making a housing investment. According to the survey, in 1984, on average, every rural household with newly built houses spent 2,128.7 yuan on housing, an increase of 1,331.7 yuan or 170 percent over 1980. For the country as a whole, in 1985, on average every household spent 202 yuan on housing, an increase of 190 percent over 1980 or an increase of 860 percent over 1978. In 1985, on average, the investment made by each household in housing increased by 131.1 yuan over 1980, at an annual progressive increase rate of 23.3 percent. Of all the growth rates of various living expenses, such as food, clothing, utensils, fuel, and so on, the increase rate of the investment in housing was the biggest and jumped from the 4th in the structural order of living consumption to 2d, only after the food consumption expense.

During this period, over half of the rural households in the whole country built new houses. Measured by years, the proportions of the households with newly built houses in all the surveyed households are as follows: 11.6 percent in 1981; 8.9 percent in 1982; 11.2 percent in 1983; 9.1 percent in 1984; and 9.5 percent in 1985. To improve living conditions is a popular wish of the vast numbers of peasants. With the gradual improvement in the income level of the rural households, the "rush for building houses" will continue to stay for a period of time.

2. The Newly Built Houses Have Larger Floor Space and Better Quality

During the "Sixth 5-Year Plan" period, the average number of newly-built houses of every rural household markedly exceeded the previous period, and the number of the newly-built houses in 1985 increased by 34.8 percent over 1980. Meanwhile, the per capita newly built floor space also markedly expanded, from 0.56 square meters in 1980 to 0.91 square meters in 1985, an increase of 62.5 percent. In these 5 years, the newly-built floor space in the whole country totalled 3.2 billion square meters.

During the "Sixth 5-Year Plan" period, the quality of the newly-built houses also constantly improved.

1. The number of the houses made of brick and wood and reinforced concrete went up relatively fast. During the "Sixth 5-Year Plan" period, the proportion of houses newly built by peasants with brick and wood and reinforced concrete in the total newly built floor space were as follows: 57.1 percent in 1981; 62.8 percent in 1982; 68 percent in 1983; 72 percent in 1984; and 73.1 percent in 1985.

2. Of the newly built houses, the proportions of multi-storied buildings increased year after year. The proportion of the floor space of the newly built multi-storied buildings was 11 percent in 1983, 14.6 percent in 1984, and 16.7 percent in 1985. The proportion of floor space of the newly-built multi-storied buildings in the more economically developed areas is much higher. For example, in 1985, the proportion of floor space of the newly-built multi-storied building in Shanghai was 79.6 percent and 66.1 percent in Zhejiang Province.

3. The Peasants' Floor Space Is Expanding Year by Year

With the increase of the newly-built houses, the peasants' floor space is expanding year by year. During the "Sixth 5-Year Plan" period, the average number of rooms used by each household by the end of each year were respectively 4.28, 4.56, 4.81, 5.07, and 5.11. The per capita year-end floor space was 10.16 square meters in 1981; 10.73 square meters in 1982; 11.63 square meters in 1983; 13.64 square meters in 1984; and 14.7 in 1985. The annual growth rates of these years are respectively 8.1 percent, 5.6 percent, 8.4 percent, 17.3 percent and 7.8 percent.

4. The Existing Problems

First, in different localities, the degrees of improvement in the living conditions of the peasants are different. During the "Sixth 5-Year Plan" period, although the living conditions of the peasants were considerably improved, relatively big differences still exist in different localities. By the end of 1985, the per capita floor space was 16.63 square meters in the eastern part of the country, 14.05 square meters in the central part of the country and 12.05 square meters in the western part of the country. The proportion of the houses of brick and wood and reinforced structures in the total floor space was 77.4 percent in the eastern part of the country, 48 percent in the central part of the country, and 19.5 percent in the western part of the country.

Second, some peasants build houses on farmland or woodland and without permission. According to a survey conducted among 3,100 rural households in 31 counties in Anhui Province, 13.13 percent of the rural households built new houses in 1985, with each household occupying an average of 0.14 mu of farmland. Reckoned in this proportion, the houses newly-built by rural households in the whole province in 1985 would have occupied 187,000 mu of farmland, accounting for 2.8 percent of the farmland in the whole province. According to a survey conducted in Fengjie County in Sichuan, 187 households in Wansheng township built new houses in 1985. Of these households, 68 households build new houses without permission, accounting for 36.4 percent of the total number of the households with newly-built houses.

Third, building materials are in short supply; and the prices are going up too rapidly. It is known that of the building materials needed by the peasants for building houses at present, only 37.8 percent are self-made, and the rest have to be purchased from markets. However, it is very difficult to purchase building materials like steel, wood, cement, and so on. According to the data obtained in a survey, if the price of each building material purchased by the rural households from markets in 1983 was in 1985 the price for every kilogram of cement would become 1.2, the price for every cubic meter of wood would be 1.98, the price for every ton of steel would be 1.97; and the price for every square meter of glass would be 1.2.

TECHNOLOGY EXPERT ON PLANS FOR SATELLITES

OW240530 Beijing XINHUA in English 0121 GMT 24 Jun 86

[Text] Beijing, June 24 (XINHUA) -- China plans to launch large capacity communication, meteorological, and earth resources satellites in the next few years, a leading satellite expert said here today.

Min Guirong, president of the Chinese Academy of Space Technology, told XINHUA today, "We have been engaged in the research and development of large-capacity, multi-functional, long-life satellites. To meet the needs of the economic and scientific communities in China, work on some of these satellites has entered the final stage".

The large-capacity communication satellite now under development in China has more than ten transponders, which is equivalent to some international communication satellites now in use, Min revealed.

Min, 53, attending a national conference of science and technology which opened yesterday, is an expert in satellite heat control. He made important contributions to the development of China's first man-made earth satellite, scientific experimental satellites, and recoverable satellites.

China has been developing middle-orbit sun-synchronous and geostationary satellites to meet meteorological purposes.

The earth resources satellite under development in China is a multi-band, long life satellite equipped with transmission capabilities and remote sensors.

These new types of satellites can be widely used in agriculture, forestry, water conservation, meteorology, telecommunications, broadcasting, geology, exploitation of mines and seas, education, and culture, Min told XINHUA in an interview.

Min stressed that the development of China's satellites should not rely on foreign countries, but on domestic forces. The successful launching of 18 satellites has proved China's capability, he said.

Efforts will be focused on improving the quality, reliability, and service life of satellites. Development time will also be shortened with improved technology, Min said.

Since the 1950's, China has successfully developed a series of rockets including the "Long-March 1", "Long-March 2", and "Long-March 3", and launched 18 scientific experimental satellites, including seven recoverable ones. Of the launched satellites, two are still in orbit. One was launched on April 8, 1984, and the other on February 1, 1986.

REGULATIONS ON SINO-FOREIGN COOPERATIVE DESIGN

OW051152 Beijing XINHUA in English 0803 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- All the designs of projects with Chinese, Sino-Foreign or entirely foreign investments should embody Chinese design norms even if they are entrusted to foreign designers.

This is contained in the provisional regulations on Sino-foreign cooperative design promulgated here today.

The designs of projects with Chinese investment, which can be done by Chinese design institutions, should not be entrusted to foreigners, but may ask for relevant techniques or technological advice from them, say the regulations, which are to be put into effect July 1.

In principle, it says, the designs of foreign-invested projects in China should be done by Chinese designers, or in a cooperative way by Chinese and foreign institutions if the concerned foreign investor would like to entrust the work to foreign designers.

The authorities should select a Chinese partner at the same time as a foreign designer is decided, the 16-article regulations add.

A Sino-foreign cooperative design might cover all the procedures from prospecting through to the end or just a phase of the design.

It should be top priority for a cooperative design to first use Chinese materials and equipment if they are able to meet the demanded standards, according to the regulations.

Basic data concerning topography, geology, hydrology, meteorology and environmental information needed by the foreign designer will be provided by the relevant Chinese departments for a fee. And the user is forbidden to make over these stuff to a third side.

And a foreign design institution cannot participate in a cooperative design until its qualifications have been approved by the Chinese authorities, the regulations say. The State Planning Commission is responsible for the regulations.

JINGJI RIBAO ON INDUSTRIAL PERFORMANCE 'UNDULATION'

HK080251 Beijing XINHUA Hong Kong Service in Chinese 0701 GMT 7 Jun 86

[Text] Beijing, 7 Jun (XINHUA) -- China's industrial output rose by 4.2 percent from January to April compared with the same period last year, the lowest rise recorded in recent years. However, this certainly does not mean that a "decline" has occurred in the country's industrial production; it is "only an undulation."

This view is put forward in a signed economic commentary carried in today's JINGJI RIBAO.

The commentary says that 4.2 percent was the growth rate recorded in the first 4 months of the year compared with the same period last year, when an "excessive growth rate" of 23.3 percent was recorded compared with the corresponding period of 1984; such is the basis for the comparison. It is evident from this that a further 4.2 percent increase on the basis of a 23.3 percent rise can obviously not be judged as "excessive cooling" of the economy, and even if it is compared with the growth rate of 18 percent for the whole of last year, this cannot be described as a "decline"; and still less can it be said to be a "decline," if we discount certain abnormal factors of excessive growth, in comparison with last year's 18 percent overall growth and the 8 percent growth planned for this year.

In the last quarter of 1984, China macroeconomically "lost control" in capital construction, credits, and so on. This directly caused the "excessive growth" in industry at the beginning of 1985 when the economy suddenly "heated up," resulting in proportional imbalance in various aspects. However, beginning in the second quarter of 1985, China adopted a series of measures for strengthening macroeconomic control, with the result that this "overheating of the economy" rapidly moderated.

The article says that although there have been "big rises" in China's industrial production in recent years, there have been no "big falls." The slowdown in growth rate has been a gradual, month by month affair since the second half of last year.

However, the article emphasizes that, after all, "small undulations" have appeared that exceed normal economic fluctuations; moreover, the figure of about 4 percent is only a national average, and in areas that have recorded growth rates below that, or even negative growth rates, these could all the more be described as "undulations" with worrying prospects.

The article says that the appearance of "undulations" in industrial production is objectively inevitable, and to a certain extent it is the normal reflection in economic construction of the complexity of China's urban reforms. People therefore need not fly into a panic when "undulations" occur; of course it is necessary to attach great importance to the series of new problems reflected by these "undulations."

NATIONAL DEFENSE STRATEGY SYMPOSIUM OPENS

OW211902 Beijing Domestic Service in Mandarin 2130 GMT 19 Jun 86

[Text] An academic symposium on national defense strategy and systems engineering for the year 2000 opened on 19 June in Beijing. Attending the symposium were Xu Xin, deputy chief of General Staff of the Chinese PLA; Qian Xuesen, a noted scientist; and representatives from the PLA's military academic departments and scientific research units. This academic symposium will provide sufficient opinions for use by the Central Military Commission as a basis and reference for studying and establishing the general task and objective of China's national defense strategy.

TIAN JIYUN MEETS LECTURE GROUP AT ZHONGNANHAI

OW250451 Beijing XINHUA Domestic Service in Chinese 1306 GMT 24 Jun 86

[By reporters Ren Zeli and Pu Liye]

[Text] Beijing, 24 Jun (XINHUA) -- Tian Jiyun, vice premier of the State Council, met with a lecture group consisting of advanced persons from state farms and land reclamation departments at Zhongnanhai this afternoon.

The group gave nine lectures in government offices, schools, and PLA units in the capital from 10 to 24 June. In the lectures, members of the group briefed those present on their deeds of working hard to develop agriculture and to carry out land reclamation and of being bold in doing pioneering work. Their lectures received strong responses from their audiences totaling nearly 10,000 people, especially from graduating college students. Many students expressed their determination to go to the countryside, border regions, or wherever the motherland needs them most to work for the country's four modernizations.

After hearing a briefing by the group, Tian Jiyun said: In your lectures, you have not only dealt with general principles but explained such principles by using your own experiences as an example and based such explanations on realities. This will give a big impetus to the building of a socialist spiritual civilization. He encouraged the members of the group to make persistent efforts to achieve new successes.

Present at today's meeting were Wang Zhen, vice chairman of the Advisory Commission of the CPC Central Committee; He Kang, minister of agriculture, animal husbandry, and fishery; and Luosang, member of the CYL Central Committee Secretariat.

QIAO SHI MEETS RONG FAMILY IN WUXI

OW241313 Shanghai JIEFANG RIBAO in Chinese 21 Jun 86 p 3

[Special dispatch by reporters Li Zhongshi and Dong Qiang]

[Text] Wuxi, 20 Jun (JIEFANG RIBAO) -- Qiao Shi, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, met with some of the members of the visiting Rong family group and joined them in watching a Wuxi opera, "The Pearl Tower," at the Hubin Hotel tonight.

WAN LI URGES EXPLOITING SEA TO IMPROVE DIET

OW211258 Beijing XINHUA in English 1206 GMT 21 Jun 86

[Text] Beijing, June 21 (XINHUA) -- Vice-Premier Wan Li has called on officials from central and local departments to make greater efforts in the exploitation of sea resources to enrich the nation's diet.

He made the call in a speech at a symposium on marine study and exploration at Qingdao, which is carried in the latest issue of OUTLOOK WEEKLY magazine, to be published on Monday.

Wan said the most urgent task was to develop sea farming, adding: "We must add protein to people's diet by supplying more fish, prawn, scallops, crab and trepang.

"For a country with one billion people, we must turn to the sea for new food resources."

Local coastal authorities must make every possible effort to develop sea farming, and officials at all levels should attach major importance to the study, exploitation and protection of marine resources.

Research institutes must co-ordinate their efforts to achieve faster and better results. He suggested the import of advanced breeding equipment and co-operation with industry.

Certain policies must be adjusted to tap the potential of the fishing industry.

"From a long-term point of view, we must give priority to protecting sea resources," Wan said. "Excessive catching and water pollution must be prevented for the sake of later production." The vice-premier also urged the development of deep-sea fishing, which is now carried out by only a few big companies.

HAO JIANXIU URGES MAKING DECORATIVE ARTICLES

HK181545 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 17 Jun 86

[Excerpt] While visiting Shashi on 14 June, Hao Jianxiu, secretary of the Secretariat of the CPC Central Committee, proposed: It is necessary to speed up the development of decorative articles.

In particular, since the beginning of last year, a large number of consumer textile goods, including, window curtains, tablecloths, bedsheets, and [words indistinct] have been developed. Their designs are good and are welcomed by consumers at home and abroad. More and more enterprises in Shashi have come to understand the importance of developing decorative articles. Of some 30 enterprises of the textile trade, 16 produce decorative articles. The output value of decorative articles accounts for 12 percent of the gross output value of the entire trade. [passage indistinct]

XU XIANGQIAN MARKS LONG MARCH ANNIVERSARY

OW190217 Beijing Domestic Service in Mandarin 2130 GMT 18 Jun 86

[Text] According to JIEFANGJUN BAO, some members of the leading group for revising the combat history of the Fourth Front Army of the Red Army held a seminar in Beijing yesterday [18 Jun] to mark the 50th anniversary of the victory of the Long March. Eighty-five-year-old Marshal Xu Xiangqian warmly greeted the comrades present and addressed the gathering.

NEW TOWN TO COPE WITH CHANGING RURAL PRODUCTION

OW190604 Beijing XINHUA in English 0532 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) -- A well-equipped rural new town is being built to the east of Beijing to house thousands of peasant families who no longer work on the land as farming becomes more mechanised in recent years.

It is being built next to the old town of Zhangxizhuang, 25 kilometers from Beijing, a new development to cope with the changing rural production pattern, said Wang Desheng, deputy head of the Zhangxizhuang township government to XINHUA today.

Han Weicheng, manager of Beijing rural construction development company, said: "This is one of the 13 pilot towns selected to be modernized to suit the rural economic development." Beijing has 253 rural towns.

The new town will include 2,500 two- to three-storey maisonettes, local government offices, recreation center, cinema, kindergartens, primary and middle schools, a park and industrial and business centers.

In the past, 90 percent of the 3,000 peasant families there worked on land, but now 20 percent suffices, giving an all time high grain output. The surplus labour power, 80 percent, who live in 11 scattered villages around Zhangxizhuang, have taken jobs in 66 local factories or have started various businesses. Local factories produced output value of 32,830,000 yuan last year -- 80 percent of the town's total.

The rural industrial boom boosted peasants' income to 1,275 yuan per person on average last year, compared with less than 150 yuan in 1978. Most families have tv sets and washing machines and have built new houses or extended old ones.

Since building work began on the new town in 1984, roads and water and electricity supplies have been laid and 12 maisonettes built. These are already occupied.

Families will be offered a price by the local authorities for their old homes. If they accept, they can pay an average of 10,000 yuan for a spacious new maisonette, and the old houses are demolished to provide more much-needed agricultural land. Hundreds have already applied.

However, deputy head Wang noted, the town will only be completed by the end of the century.

DOMESTIC PRODUCTION OF COMPUTERS EMPHASIZED

OW151347 Beijing XINHUA Domestic Service in Chinese 1150 GMT 13 Jun 86

[By correspondent Sun Minqiang and reporter Chen Zhiqiang]

[Excerpts] Beijing, 13 Jun (XINHUA) -- The Ministry of Astronautics Industry has attached importance to domestic production of electronic computers. Its products are sold to 28 provinces, municipalities, and autonomous regions, as well as 20 countries and regions in Asia, America, and Africa. It has found a Chinese way to develop and popularize the use of computers.

Following the principle of importing things from abroad, digesting them, developing our own products, and creating new ones the Ministry of Astronautics Industry has used Chinese-made electronic parts to design and manufacture some 700 computers from 38 models needed by China. Great progress has been made in the manufacture and application of computers used in rockets, satellites, and trucks. All special-purpose computers for military use are made by China. Some computers have reached the advanced level of the early 1980's. At present this ministry has developed a system that incorporates research, production, and application of integrated circuits, whole sets of computers, and peripheral equipment and software. It is now capable of annual producing 5,600 microcomputers, and small and medium-sized computers; as well as 5 million pieces of integrated circuits. It has established three bases for producing integrated circuits, and has put more than 2,000 computers into operation.

NEW PHARMACEUTICAL LAW RAISING STANDARDS

OW172120 Beijing XINHUA in English 1520 GMT 17 Jun 86

[Text] Beijing, June 17 (XINHUA) -- After only a year on the books, China's first pharmaceutical control law has succeeded in ensuring that "all the medicines on market will be up to standard this year," a Pharmaceutical Administration official said today.

Liu Yonggang, deputy director of the State Pharmaceutical Administration told a news briefing here today the law, which went into effect last July, guarantees the safety and effectiveness of medicine in China.

"Control of the quality of medicine will be our top priority for the rest of the decade," he said. Liu said in the latest round of inspections in March, 1,763 of China's 1,950 pharmaceutical factories were certified as being up to the law's standards, as were 19,059 out of 24,944 sales and distribution companies. Under the new law, uncertified factories must bring all products up to standard to continue production, and uncertified sales and distribution companies will be denied access to products from factories. All factories under construction must meet the law's standards to open.

EDUCATIONAL TV CHANNEL TO OPEN 1 JULY

OW232343 Beijing XINHUA Domestic Service in Chinese 1048 GMT 23 Jun 86

[Excerpts] Beijing, 23 Jun (XINHUA) -- To train the large number of personnel urgently needed for the "four modernizations" program, the State Council has decided that an educational satellite TV channel will be opened on 1 July for a trial period. The official date for launching this channel will be 1 October.

According to the department concerned under the State Education Commission, China's satellite TV educational programs will be aimed mainly at training primary and secondary school teachers and developing higher education, secondary vocational and technical education, as well as continuing education for adults. It is hoped that the satellite TV educational programs, coupled with other forms of education, will enable the primary and secondary school teachers nationwide, now numbering several millions, to further their study so as to improve themselves and advance step by step to fulfill the requirements of our teacher-training project. At the same time, adult education will be further promoted through these programs.

The broadcasting times of the satellite TV educational programs are: From 0600 to 1700 [2100-0800 GMT] -- program for training primary and secondary school teachers; from 1700 to 2300 [0800-1400 GMT] -- TV university programs.

FANG YI ATTENDS METALLURGY INDUSTRY EXHIBITION

OW241445 Beijing XINHUA in English 1423 GMT 24 Jun 86

[Excerpts] Beijing, June 24 (XINHUA) -- One hundred and eighty companies from around the world are displaying goods at a metallurgy industry exhibition, which opened at the China International Exhibition Center here today.

State Councillor Fang Yi and Minister of Metallurgical Industry Qu Yuanjing attended the opening ceremony.

An official from the Metallurgical Ministry told XINHUA that efforts were being made by Chinese factories to increase the quantity and variety and improve the quality of their products through expansion and technical modernization.

China's steel output totalled 46.7 million tons last year, and this year's target is 50 million tons. The official said the exhibition offered Chinese technicians a good opportunity to exchange experience with their foreign counterparts.

LIANG BUTING ADDRESSES SHANDONG COMMENCEMENT

SK280219 Jinan Shangdong Provincial Service in Mandarin 2200 GMT 27 Jun 86

[Text] On the morning of 27 June, the party school under the provincial CPC Committee held a commencement for the graduating classes of 1986. Liang Buting, secretary of the provincial CPC Committee and acting president of the party school, attended the commencement to extend his warm congratulations to the 220 graduates of the 1983 and 1984 training classes for the party and government cadres and of the theoretical classes on their graduation.

At the commencement, Comrade Liang Buting delivered a long report on the situation. In his report, he reviewed the economic development achieved during the period since the fourth provincial party congress, particularly since 1985, and made an overall analysis and a profound exposition on the speed of economic development. He stressed that by no means should we attain excessively high or low speed in economic development and that we should maintain unity among speed, benefits, and reserve strength.

He stated: The situation in economic development in the first half of 1986 has been fine. We should make efforts to maintain the good trend in the latter half in order to win victory in the first year of implementing the Seventh 5-Year Plan.

In his report, Comrade Liang Buting put forward ardent expectations to the graduates and urged them to bring their knowledge and theories learned in the party school into line with practice in order to promote the programs of conducting reforms, enforcing the policy opening to the outside, and of building the two civilizations. He urged them to carry forward the achievements scored in party rectification in the party school, to be vanguards in straightening out party style, to work hard, to enhance the building-up of will-power, and to improve their ability in order to make further contributions to developing the excellent situation in the province.

Also attending the commencement were (Gao Changli), Standing Committee member of the provincial CPC Committee, and responsible comrades from the Organization and Propaganda Departments under the provincial CPC Committee.

GUANGDONG OFFICIAL ON STRENGTHENING VITALITY OF ENTERPRISES

HK251011 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 24 Jun 86

[Text] Yesterday, after listening to the report on the situation made by the provincial inspection group on strengthening the vitality of enterprises, Vice Governor Juang ji pointed out: Indiscriminately apportioning expenses among and collecting charges from enterprises has now become one of the main obstacles to the strengthening of the vitality of enterprises. If we do not prohibit this malpractice of indiscriminately apportioning expenses and collecting charges, we cannot guarantee the fruits of reform.

Vice Governor Kuang Ji said: The powers vested in enterprises according to state stipulations must be respected and protected by the whole society. The governments and departments of all places are not allowed to make laws by themselves so as to enable them to indiscriminately apportion expenses among and collect charges from enterprises. At present, we must conduct an inspection of the situation in indiscriminately apportioning expenses among enterprises. The collection of charges contrary to regulations must be stopped. The charges which should be returned to enterprises must be returned. The governments of all places, including the discipline inspection and auditing departments, must take vigorous measures to curb indiscriminately apportioning expenses among and collecting charges from enterprises.

GUANGDONG: QIANSHAN WATERWAY TO REOPEN FOR NAVIGATION

HK260547 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0111 GMT 20 Jun 86

[Report: "Qianshan Waterway Will Be Reopened for Navigation"]

[Text] Guangzhou, 20 Jun (ZHONGGUO XINWEN SHE) -- Guangdong's Qianshan waterway, which leads to Macao and which has been closed for 17 years, will be reopened. Construction of the waterway's major projects will be complete at the end of June.

The Qianshan waterway which leads from Zhongshan City in the west to Macao in the east, is a major inland waterway of the Zhu Jiang Delta. Its total length is 23 kilometers. In the past, passenger and cargo ships from Guangxi and the Zhu Jiang Delta took this waterway to Macao.

Two projects for reopening the Qianshan waterway are reconstruction of the Lianshiwan lock gate at the inlet section in Zhongshan City and construction of the Shijiaozhui lock date at the outlet of the Qianshan Waterway. The lock gates at these two places are of the same scale. The lock gate is 125 meters long and 14 meters wide. The gate itself is 12 meters wide and the depth at the gate is 3 meters. The gates and water supply valves are all operated by hydraulic machines. Passenger ships carrying more than 300 people and 500-ton barges can pass through the gates. Construction of the Shijiaozhui lock gate will be completed at the end of June. The Qianshan waterway to Macao will be reopened to navigation by then.

GUANGZHOU ADOPTS VARIOUS METHODS OF RAISING FUNDS

HK260613 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0804 GMT 25 Jun 86

[Text] Guangzhou, 25 Jun (ZHONGGUO XINWEN SHE) -- Under present conditions whereby the money supply is tight, Guangzhou has employed various forms to raise funds.

The newest form is to openly issue bonds in the kind in society. The first unit to have done so is Zhujiang Cement Plant. Since 1 July, it has openly issued bonds in kind in society with a total face value of 30 million yuan, and a time limit of 3 years. After the expiration of the time limit, the bondholders may exchange their bonds for cement produced by the plant, or exchange the bond, with a face value of 120 yuan, for 156 yuan. The matter will be handled by the bank formerly in charge of the work.

There is another form of raising funds in Guangzhou recently -- staff members and workers of enterprises collectively become shareholders of their enterprises. Taking average monthly wages as a standard amount of capital stock, each and every staff member and worker in the collective enterprises buys stock in their enterprises. At present, there are 260 enterprises which have adopted this form of raising funds. Some state-operated enterprises are conducting experiments in turning themselves into joint-stock enterprises. They are Guangzhou silk and linen plant, Qiaoguang pharmaceutical factory, and Mingxing pharmaceutical factory.

The methods of issuing stocks or bonds in society or inside enterprises in order to raise funds have been employed since the first half of last year. Those units which raise funds are factories and enterprises. At present, there are more than 600 enterprises in Guangzhou which have issued stocks and bonds. They have raised funds totaling 120 million yuan.

The people concerned maintain that raising funds through various forms is beneficial to easing the tense situation of insufficient money supply. However, if we fail to carry out good management, some loopholes might occur. For example, some enterprises might issue bonuses arbitrarily in the guise of drawing extra dividends and paying interest. At present, Guangzhou has adopted measures to exercise control over the work of raising funds. It has been stipulated that decisions of enterprises to raise funds should, first of all, be approved by the People's Bank. The annual extra dividends drawn should not exceed 12 percent of the amount of capital stock.

LATERAL ECONOMIC ASSOCIATION HELPS SHENZHEN DEVELOPMENT

HK260804 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0803 GMT 25 Jun 86

[Report: "Lateral Economic Association Accelerates the Development of the Shenzhen Special Economic Zone" -- ZHONGGUO XINWEN SHE headline]

[Text] Shenzhen, 25 Jun (ZHONGGUO XINWEN SHE) -- With the help of many bicycle accessory factories in the interior, Zhonghua Bicycle Company Limited, an enterprise in Shenzhen jointly owned by Chinese and foreign businessmen, has drastically increased the number of bicycles exported to foreign countries for this year. It is expected that its export volume will reach 200,000, which is equal to 40 percent of the total amount of bicycles exported to foreign countries from Mainland China in the last year.

This is one of the successful examples of the Shenzhen Special Economic Zone's developing lateral economic association with the interior. Its characteristics are bringing into full play the strong points of both sides, namely, the fast feedback of information and the numerous channels for export in the Shenzhen Special Economic Zone and the powerful technical strength and the ample supply of raw materials in the interior.

This kind of lateral economic association in Shenzhen has varied patterns and flexibility. At present, it has developed from the early association with counties and cities to the association with every industrial department as well as every province and municipality; from the unitary association within a trade to the association integrating production with science and technology, industry with trade, agriculture with trade and technology with trade; from the bilateral association of Shenzhen and the interior to the multilateral association of Shenzhen-the interior-foreign businessmen. Moreover, a number of enterprise clusters and groups have taken shape.

For example, the Shenzhen Electronics Group has over 100 subordinate enterprises and the backing of the scientific research institutes, institutes of higher learning and a number of factories in the interior. At present, it is planning to set up branches in the United States, Japan, Canada and other places.

So far, Shenzhen has jointly set up 2,395 various enterprises together with 27 departments of the central authorities and the 28 provinces, autonomous regions and municipalities in the whole country, involving a total agreed investment of 5.6 billion yuan and a real investment of over 1.3 billion yuan.

The lateral economic association has brought obvious advantages to the construction and production of the Shenzhen Special Economic Zone. In a short period of only a few years, Shenzhen has completed the basic engineering construction in its new urban areas of 38 square kilometers, set up industrial factories, dwellings for staff and workers, commerical buildings and public facilities with a total floor space of over 9 million square meters, which is chiefly an achievement brought about by developing association between Shenzhen and the interior. Last yea-, the industrial output value of the enterprises jointly run by Shenzhen and the interior amounted to over 360 million yuan, accounting for 20 percent of the industrial output value in Shenzhen. Furthermore, it has more than 170 products which entered the international markets. In the last few years, the interior has sent over 12,000 various technical personnel to Shenzhen.

Recently, in the light of the development principle of the special economic zone, the Shenzhen City government has further studies issues like trends, patterns, preferential policies, business management, and so on concerning the lateral economic association and proceeded to work out a specific regulations, so as to secure better results from this kind of economic association.

HUNAN PRICE SUPERVISION, INSPECTION MEETING ENDS

HK190427 Changsha Hunan Provincial Service in Mandarin 2200 GMT 18 Jun 86

[Excerpt] Our station reporter has learned from the provincial symposium on price supervision and inspection, which concluded in Hengyang on 17 June, that since 1984 Hunan has set up 193 price supervision stations and hired 1,800 voluntary price inspectors. A social price supervisory network has initially formed. Price violations totalling 33 million yuan have been unearthed and dealt with in the past 2 years. Of this amount, 5.3 million yuan have been returned to customers and individuals, and 28 million have been spent on buying state bonds.

Vice Governor Yang Huiquan pointed out at the meeting that it is essential to fully understand the position and role of price inspection work in the new situation and vigorously increase this work, to ensure basic stability of overall price levels and create an excellent social environment for reform.

BEIJING RIBAO CALLS FOR MORE LEASING BUSINESSES

OW231216 Beijing XINHUA in English 1208 GMT 23 Jun 86

[Text] Beijing, June 23 (XINHUA) -- More leasing businesses should be established in Beijing to meet the demands of economic construction, according to an article in today's BEIJING DAILY.

Leasing rather than purchasing equipment would not only save money for the country and for enterprises, but also make better use of idle equipment, the article said.

It pointed out that there are two ways to set up a leasing businesses. One way is to establish. The other way is to set up a leasing company and then jointly open businesses with other units. For China, the second way is preferable because of current shortages. More than ten enterprises in Beijing have started a computer leasing businesses.

Some 40 leasing companies throughout the country are operating, including 13 joint ventures using Chinese and foreign capital and 27 state-owned leasing enterprises. These 40 companies have signed 1,100 leasing agreements both in China and overseas worth 800 million U.S. dollars.

CONFERENCE CALLS FOR BETTER SERVICE IN BEIJING

OW261404 Beijing XINHUA in English 1342 GMT 26 Jun 86

[Text] Beijing, June 26 (XINHUA) -- The Central authorities have urged Beijing to improve its service trades and set a fine example for the whole country.

The call, from the Secretariat of the Communist Party Central Committee, was disclosed at a conference on service trades in Beijing which ended here Wednesday.

The leaders of the Secretariat were quoted as saying that Beijing's commerce was an important "window" on the commercial work of the whole country and its quality exerts a tremendous influence at home and abroad.

The urged the Beijing authorities to take effective measures to improve the quality of services and the attitude of service workers.

Following complaints about Beijing's poor services made at the National People's Congress last May, the Beijing authorities held a special conference to discuss the matter from June 23 to 25. More than 1,000 officials, including Minister of Commerce Liu Yi, attended.

Li Ximing, secretary of the municipal Communist Party Committee, said at the meeting that the municipal party committee and government should be the first to be responsible for the poor services.

Reforms such as more management autonomy should be carried out in commercial and other service trades, which means more freedom for managers to negotiate with suppliers and sales outlets. And it also means "workers should not share equally in bonuses," said Li. "They should be paid according to the quality of their work" "What we want, after all, is to serve the people wholeheartedly," he said. "We must provide good service even when goods are short."

Li told the meeting the government will cut taxes and subsidize loans for enterprises that produce or distribute such indispensable commodities as needles and buttons that are not particularly profitable to make or sell. He said the government would cut red tape that discouraged collectively- and privately-owned stores from engaging in service trades that can improve the quality of city life. Rather than try to control the economy directly, he said, the government should regulate it through price and tax policies.

XING CHONGZHI AT HEBEI FORUM OF ENTERPRISES DIRECTORS

SK250324 Shijiazhuang HEBEI RIBAO in Chinese 12 Jun 86 p 1

[Text] This afternoon, Xing Chongzhi, secretary of the provincial CPC Committee, and Vice Governor Song Shuhua invited plant directors of 12 enterprises, including the Shijiazhuang No 4 cotton plant, the municipal No 1 plastic plant, the No 1 radio plant, and the Huabei pharmaceutical plant, to have informal discussions at the No 2 cotton plant.

During discussions, the plant directors boldly put forward some tentative ideas for reform and some methods for vitalizing enterprises in line with the existing problems in their production such as those in funds, raw materials, sales, development of lateral economic cooperation, and personnel system.

During discussions, Comrade Xing Chongzhi said: At present, enterprises still have to resolve the issue of further vitalizing themselves, and to decentralize power to the lower levels as soon as possible. The higher-level departments should strengthen guidance and attend to coordination and service work in all fields. This year, in order to vitalize large and medium-sized enterprises and to intensify their vitality, we should develop lateral economic cooperation, the earlier the better. If we fail to develop lateral economic cooperation, it will be difficult for enterprises to have vitality. Meanwhile, enterprises should reform their internal organization setups, the product structure, and the personnel system. At present, the prominent problem of enterprises is the shortage of funds. In order to instill vitality into enterprises, we should exert efforts to sole this problem, and to invigorate the circulation of funds through various channels and methods. While touching on unhealthy trends and the limits of normal business, Comrade Xing Chongzhi said: We should not handle things that are not malpractices as malpractices. This demarcation line must be clearly drawn. The improper handling of things at the previous stage must be corrected. All in all, we should further solve this problem and continue to persist in reform.

Jia Ran, secretary of the Shijiazhuang City CPC Committee, and Mayor Wang Baohua, also joined the discussion meeting.

NEI MONGGOL ARTICLE ON EDUCATING PARTY MEMBERS

SK270141 Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 25 Jun 86

[Text] The seventh issue of the city edition of DANGDI JIAOYU [THE PARTY's EDUCATION] carries an article by Zhou Rongchang, Standing committee member of the regional CPC Committee and director of its organizational department. The title of the article is "Strengthen the Education on the Party's Basic Knowledge, and Improve the Political and Ideological Quality of Party Members."

The article states: The number of party members throughout the region has developed from 27,000 in 1949 to 710,000 at present.

These party members have satisfactorily played their vanguard and exemplary role at all historical stages. In particular, since the 3d plenary session of the 11th CPC Central Committee, a large number of outstanding party members who have strong party spirit and good work style, who are bold in making innovations, and who render service to the masses, have emerged on all fronts.

The article states: We must notice that the wounds inflicted by the Great Cultural revolution on the party building have not yet been healed completely, and a fundamental turn for the better in party style has not yet been effected. Viewing the organizational situation, the quality of party members [words indistinct]; the majority of party members have lacked party spirit and their quality has been poor. Some veteran party members have slackened their efforts in study and ideological transformation, and have gradually forgotten the party's knowledge and regulations. This situation tells us that we must regard the strengthening of education among party members as a major content of strengthening the party building and straightening out party style. At present, we should emphatically grasp the education among those party members who have joined the party since the Cultural Revolution, and among the party-member leading comrades in particular, in order to enable them to understand the party's basic knowledge and to conscientiously observe the party discipline.

The article states: In light of the political and ideological situation of the party members' rank of our region, we should conduct the education on the party's basic knowledge in the following three aspects: First, we should strengthen the education on the party's purpose. Second, we should strengthen the education on the principle of democratic centralism. Third, we should strengthen the education on observing discipline and laws.

The article states: To achieve success in the above-mentioned three aspects of education, we must attend to the work in the following five fields: 1) all party members at higher and lower levels should participate in party activities; 2) party-member leading cadres should set examples in studying and pursuing the party knowledge; 3) we should make full use of the weapon of criticism and self-criticism, ad actively conduct a serious ideological struggle; 4) we should supervise the party strictly; and 5) we should adhere to the standards for party members and improve the quality of newly-developed party members.

HEILONGJIANG's GRASS-ROOTS PARTY RECTIFICATION TASKS

SK210808 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 20 Jun 86

[Text] The conference of directors of the offices in charge of party rectification under the prefectural, city, and county party committees throughout the province concluded on 20 June. The conference pointed out that a good job should be done in carrying out the party rectification drive with high standard and quality among the neighborhoods in urban areas and among the enterprises and establishments at the grass-roots level and in realistically conducting the party rectification work at the county level and in rural areas in order to consolidate or develop the results scored in the drive.

The conference contended that the party organizations among the neighborhoods in urban areas and among the enterprises and establishments at the grass-roots level, as well as the majority of party members in them, are good or better. However, some of the organizations have slackness and lack of unity in both work and discipline. They have a larger number of backward party members and prominent problems in the economy. Therefore, we should clearly discern the necessity and urgency of carrying out the party rectification drive among the neighborhoods in urban areas and among the enterprises and establishments at the grass-roots level. In conducting the party rectification work, we should concentrate on successfully conducting education on party spirit among party members in order to further upgrade the quality of party members, and on successfully dealing with the serious problems committed by party members with regard to violating the law and discipline and seeking personal gain by taking advantage of power in order to fulfill, in an overall way the four tasks set forth by the party rectification decision made by the CPC Central Committee and to further enhance the fighting role of the party organizations among these neighborhoods, enterprises, and establishments in building the socialist modernization, as well as to further promote the building of the material and spiritual civilizations.

The conference emphatically pointed out: In carrying out the party rectification drive among the neighborhoods in urban areas and among the enterprises and establishments at the grass-roots level, we should base our work on the principle of strictly running the party and uphold the guideline of setting a high standard and strict demands. Efforts should be made to make a breakthrough in the drive to deal with the problems causing strong complaints from the masses and full of universal significance in order to rapidly open up new prospects in the drive. We should organically integrate the party rectification work at the grass-roots level with the work of consolidating or developing the results scored in the party rectification drive by the leading organs and the enterprises and establishments at or above the county level. Those important or serious problems committed by the leading cadres at or above the county level that have been exposed by the party rectification drive at the grass-roots level should be earnestly investigated and dealt with.

The conference held discussions on revising the work arrangements for the party rectification drive among the neighborhoods in urban areas and among the enterprises and establishments at the grass-roots level and heard the reports given by the units, including the Jianhua District in Qiqihar City, with regard to their experience gained in the drive.

Comrade Liu Chengguo, deputy secretary of the provincial CPC Committee, attended the conference and delivered a speech.

JILIN PARTY RECTIFICATION WORK CONFERENCE ENDS

SK201128 Changchun Jilin Provincial Service in Mandarin 0930 GMT 19 Jun 86

[Text] The 6-day provincial party rectification work conference ended in Changchun today.

At the conference, the participants further clarified the guidelines for rural party rectification, deeply understood the major points and the principles which must be adhered to in the course of party rectification, the preparatory work prior to carrying out party rectification, and the methods and measures for the village-level party rectification, and strengthened confidence in carrying out grass-roots party rectification in the rural areas.

The conference pointed out that the current provincewide rural party rectification work is in an overlapping stage where township and town party rectification work is drawing to an end and the village-level party rectification is about to begin. During this period, we should not only guarantee the quality of the township and town party rectification from start to finish but should also make good preparations for the village-level party rectification. Therefore, all localities should give simultaneous consideration to township and village-level party rectification and make overall arrangements. Meanwhile, we should not slacken for a moment our efforts to strengthen leadership over the party rectification work of enterprises below the county level. We should pay attention to summing up experiences, study the specific lines of demarcation in applying a policy while dealing with problems, and give careful guidance.

The conference emphatically pointed out: The key to making village-level party rectification successful lies in making good preparations prior to party rectification. The preparatory work, whether good or bad, has a direct bearing on the quality of party rectification. The county CPC committees should strictly examine the preparatory work for village-level party rectification and prevent a situation of starting the work hurriedly.

The conference analyzed the situation in carrying out rural party rectification work throughout the province and held that the key to making village-level party rectification successful lies in correctly understanding and grasping the principle of not creating chaos while solving problems. Solving problems is a premise; therefore, we should focus our work on solving problems. While carrying out village-level party rectification, we should firmly grasp the major points of party rectification, deeply conduct education on party spirit among the broad masses of party members, and establish good party branches. On the premise of solving problems, we should pay attention to policies and methods for solving problems so that the solutions will conform to the actual situation and can withstand the test of history and that no leftover problems will remain. By so doing, we can ensure that no chaotic situation will emerge.

Most of the grass-roots cadres in the rural areas throughout the province are good or comparatively good. Those who abuse power and position to seek personal gains and violate laws and discipline account for only a small number. In the course of party rectification we should boost the enthusiasm of the broad masses of rural grass-roots cadres and encourage them to participate in party rectification on their own initiative.

The conference put forward demands on further consolidating and developing the achievements in party rectification: At present we should continue to deeply check malpractices, particularly the malpractices of abusing the privileges of various trades to seek personal gains, and attend to this work resolutely and persistently; should hold discussions on leaders serving the people among the leading organs, and prominently solve their problems of bureaucratism, shifting responsibility onto others, disputing over trifles, and neglecting duties; and should further improve the system of holding activities on democratic life, continue to investigate and handle major and appalling cases and the work of investigating and verifying the three types of persons, strengthen the building of CPC committees of organizations, and fully display their functional role.

At the conference, Wang Xianjin, deputy secretary of the provincial CPC Committee, delivered a report on behalf of the provincial CPC Committee. Du Qinglin, Standing Committee member of the provincial CPC Committee and chairman of the Party Rectification Office of the provincial CPC Committee, gave a summing-up speech.

JILIN PLA HOLDS POLITICAL WORK FORUM FOR RESERVE FORCES

SK252332 Changchun JILIN RIBAO in Chinese 15 Jun 86 p 1

[Text] To cope with the new problems arising in the building of reserve forces after transferring the People's Armed Forces departments to the local authorities, the provincial military district held a forum on the political work of reserve forces from 10 to 12 June. The Mass Work Department of the Shenyang Military Region, and the Organization and Propaganda Departments of the provincial CPC Committee sent delegates to attend the forum.

In view of the actual conditions of the building of reserve forces, the forum emphasized four tasks: First, it is necessary to do a good job in propaganda and education, and to enhance understanding of the nature, tasks, position and role of reserve forces. A combination of a compact and efficient standing army with powerful reserve forces is the only way to modernize national defense. Streamlining the active military units and strengthening the building of reserve forces enables us to maintain a small army in peacetime, and dispatch a large army during wartime. This is conducive to both national defense and economic construction. Second, it is necessary to bring into better balance the relations between the People's Armed Forces departments and the reserve army regiments, and make concerted efforts to do a good job in the building of reserve strength. The reserve army regiments and the People's Armed Forces departments belong to the military and the local organizational systems, respectively, but shoulder common tasks. Therefore, they should take into consideration the overall situation in building reserve strength and exert concerted efforts to make it successful. Third, it is necessary to strengthen the cadre contingents of the reserve forces and give full play to their role. Fourth, it is necessary to establish division and regiment party committees to strengthen leadership over the reserve forces, ensure the implementation of the party's line, principles and policies, and the instructions of higher authorities. Reserve army divisions and regiments should ask for instructions from and report their work to local party committees and governments, and voluntarily subject themselves to the leadership of local party committees and government.

FUJIAN'S HU PING INTERVIEWED ON TRADE WITH TAIWAN, HONG KONG

HK261319 Hong Kong KUANG CHIAO CHING in Chinese No 165, 16 Jun 86 pp 28-31

[Article by Li Kuo-chiang: "Hu Ping: Fujian Plans To Expand Its Trade With Taiwan -- Exclusive Interview With Fujian Governor Hu Ping" -- capitalized passages published in boldface]

[Text] Fujian Has Made Preparations for Expanding Trade With Taiwan

"ON EXPANDING TRADE WITH TAIWAN, THE FUJIAN SIDE HAS MADE PREPARATIONS. THE KEY LIES ON THE TAIWAN SIDE."

"THERE IS STILL A 'FUJIAN PROVINCIAL GOVERNMENT' IN THE KMT. MY COUNTERPART IS MR TAI CHUNG-YU, CHAIRMAN OF THE KMT FUJIAN PROVINCIAL GOVERNMENT, WHO HANDLES OFFICIAL BUSINESS ON JINMEN ISLAND. A NATIVE OF WESTERN FUJIAN, HE IS OVER 70 NOW. (NOTE: TAI CHUNG-YU DIED OF ILLNESS ON 21 MAY. THE STANDING COMMITTEE OF THE TAIWAN KMT CENTRAL COMMITTEE HAS APPOINTED 50-YEAR-OLD WU CHIN-TSAN "CHAIRMAN OF THE FUJIAN PROVINCIAL GOVERNMENT." WU IS A NATIVE OF JINMEN COUNTY, FUJIAN PROVINCE.) HE AND I HAVE AT LEAST TWO IDENTICAL VIEWS: FIRST, WE SAY THAT JINMEN AND MAZU BELONG TO FUJIAN PROVINCE; SECOND, WE MAINTAIN THAT THE PROVINCIAL CAPITAL IS FUZHOU. OF COURSE, THERE ARE DIFFERENCES OF OPINION, BUT WE HAVE SO MANY THINGS IN COMMON THAT THE DIFFERENCES CAN EASILY BE SOLVED THROUGH MUTUAL UNDERSTANDING AND ACCOMODATION. THE SUCCESSFUL SOLUTION OF THE 'CHINA AIRLINES' INCIDENT PRECISELY SHOWS THAT TAIWAN HAS SLIGHTLY CHANGED ITS ATTITUDE TOWARD THE 'THREE NO'S' POLICY. IT SHOWS THE ASPIRATIONS OF THE CHINESE THROUGHOUT THE WORLD FOR PEACEFUL REUNIFICATION, THE PROSPECTS FOR REUNIFICATION, AND THE POSSIBILITY TO REALIZE DENG XIAOPING'S CONCEPT OF 'ONE COUNTRY, TWO SYSTEMS.'"

Fujian Governor Hu Ping made the above remarks in an exclusive interview with KUANG CHIAO CHING monthly on the morning of 23 May.

It was said long ago that the present Fujian governor is a steady and astute person. This writer longed to have an opportunity to exclusively interview the important official of a province facing Taiwan across the Strait. Subsequently, I obtained his permission. The interview took place in Xihu Guesthouse, where I was staying. We talked for 2 hours, exceeding the schedule.

For the First Time, Hu Ping Disclosed His Life Story to the Outside World

Governor Hu Ping disclosed his life story for the first time to this magazine and to the outside world.

Hu Ping is not a native of Fujian Province but of Jiaxing, Zhejiang Province. But he has spent most of his time in Fujian. His wife is a native of Xiamen. For this reason, Chen Guangyi, the newly appointed secretary of the Fujian Provincial CPC Committee, said with a smile to this writer: Hu Ping is a son-in-law of Fujian.

The bespectacled Hu Ping has an amiable disposition and speaks in a methodical manner. Next month, the scholarly, important civilian official will be 56. He was born in July 1930 at Jianxing's Nanhu, which is the site of the First CPC National Congress and can be regarded as the birthplace of the CPC. In his childhood, Hu Ping learned a lot about the deeds of Chinese communists. This played an important role in determining his later aspirations.

At 14, poverty forced him to leave his native place and work as an apprentice in Changzhou, Jingsu Province. Hu Ping said that he worked as an apprentice for a year at a gauze shop in Changzhou and also studied at Changzhou Middle School. Later, after an examination he was admitted to Suzhou Industrial Training School set up by the provincial government. The well-known school has a history spanning 7-8 decades. It has trained many outstanding personnel in industry, science, and technology. Liu Jingji of Shanghai and many industrialists in Hong Kong and overseas once studied here.

Hu Ping said: "I was admitted to Suzhou Industrial Training School in 1946. Later, because I was engaged in the student movement, 'opposing starvation and the civil war,' I was watched so closely that I could not go on studying there. In 1948 I went to the northern Jiangsu liberated area. At that time, the Chang Jiang was blockaded by KMT troops. Therefore, I had to cross the river stealthily to enter northern Jiangsu."

He was only 18 at that time. Many of the CPC leaders at the central and local levels began life by engaging in the student movements and Hu Ping was obviously one of them.

In 1948-49, earthshaking changes took place in China. In April 1949, the CPC launched a campaign to cross the Chang Jiang. On 23 April, the 3d Field Army captured Nanjing, and on 27 May occupied Shanghai. Young Hu Ping also followed the PLA to the south. He worked in southern Jiangsu, but returned later to Changzhou to engage in CYL work. Crossing over mountain after mountain in the wake of the PLA, Hu Ping arrived in Fujian at the end of 1949. Since then, this civilian cadre has not left Fujian for 36 years.

Hu Ping told this writer that when he engaged in the student movement in Suzhou, he was not an underground party member yet. It was after liberation, namely, in 1950, that he joined the CPC. But he was one of China's first generation of the New Democratic Youth League members, joining the league in northern Jiangsu in 1949.

He Makes a Good Account of Himself in Production and Work

From 1949 to 1955, Hu Ping worked in Xiamen. In 1954 he was deputy director of the foreign affairs office in the city. In 1955 he was transferred to Fuzhou, working as deputy chief of the industrial department, an organ of the provincial CPC Committee. In 1965, on the eve of the "Cultural Revolution," he was promoted to deputy director of the general office of the Fujian provincial government.

When the "Great Cultural Revolution" started in 1966, Hu Ping still stuck to his post even in the most difficult and chaotic of times. At that time, Fujian was placed under military control. As deputy director of the comprehensive office of the production command post of the military control commission, he was in charge of production. Later, he was transferred to Longhai County, where he did farm work such as harvesting rice. His residence card was also transferred to the rural areas. He said: "At that time, my daughter was only 4 years old."

In September 1971, Lin Biao was killed in Outer Mongolia. "We returned after that," said Hu Ping.

After his return to Fujian, he was promoted to vice chairman of the Fujian Provincial Planning Commission.

In 1981 he was vice governor of Fujian, and later was elected acting governor and governor. Last autumn he was elected a member of the CPC Central Committee.

Hu Ping modestly said to this writer: Like my name, my personal experience is very ordinary. I was born in Zhejiang, grew up in Jiangsu, have become mature in Fujian, and will spend the rest of my life in Fujian!"

People often say that a successful person always has a virtuous wife. Mrs Hu is 2 years older than Hu Ping. Formerly a worker in Xiamen, she has retired, enjoying family life and helping Hu Ping with some services in the background. Hu Ping said: "Before retiring, she worked as an assistant manager in charge of steel products at a materials company."

His son, born in 1950, works at a computer center; his daughter, a student at Minjiang University in Fuzhou, will graduate this summer. He also has a 2-year-old grandson.

Hu Ping said: "My family is as simple as this."

The Trends of Reform and Opening Up in Fujian Are Irreversible

When this writer arrived in Fujian, the Fujian Provincial People's Congress had just concluded its meeting and the Seventh 5-Year Plan had just been put into effect.

Hu Ping said: "Fujian's way out lies in reforms. The Seventh 5-Year Plan period is crucial for the rejuvenation of Fujian." He emphatically said to this writer: "In the future we shall make further efforts to conduct reforms and to open up to the outside world. The trends of opening up are irreversible. We have a lot of work to do. The fundamental problem is to conduct reforms and to invigorate the domestic economy. In opening up to the outside world, we should run joint ventures well in order to achieve greater developments in the future."

He Attaches Great Importance to Hong Kong and Is Ready To Develop Greater Cooperation With Hong Kong

Hu Ping said: In the future, Fujian will provide a more favorable environment and offer more preferential terms in order to encourage Overseas Chinese to invest in enterprises in Fujian. In the meantime, Fujian also attaches very great importance to cooperation and other exchanges with Hong Kong. He said: "In Hong Kong there are some 700,000 people whose native place is Fujian. Two-thirds of Fujian's foreign trade is conducted through Hong Kong. Hong Kong's investment in Fujian accounts for some 80 percent of the direct investment amount. The enterprises using Hong Kong capital also account for some 80 percent of the enterprises set up with foreign capital, Overseas Chinese capital, and Hong Kong or Macao capital. The joint ventures using Chinese and Hong Kong or Macao capital also account for more than 80 percent of the 699 joint enterprises. This shows that Hong Kong is closely linked to Fujian's economy. It is hoped that we will develop more cooperation in economics, trade, shipping, and investment in the future.

"There is now a gratifying phenomenon. Many people of the Hong Kong industrial and commercial circles come to Fujian to study or make on-the-spot investigations. Their general impression is good. We also hope to utilize Hong Kong's advantages or specialities in banking, marketing, communications, and information to spread the cooperation to other countries. We have also found out that quite a few foreigners do business with Fujian through Hong Kong and Macao. Therefore, we hope our friends in Hong Kong and Macao will bring us more development opportunities so that we can open up to the world through Hong Kong and Macao. There will be bright prospects for both of us. We are ready to further develop and cooperate with Hong Kong."

Work on Overseas Chinese Affairs Should Be Combined With Economic Work

With regard to Overseas Chinese, Hu Ping said that it is necessary to combine work on Overseas Chinese affairs with economic work. He said: "In Fujian there are over 5 million relatives of Chinese nationals living abroad; abroad there are over 7 million Overseas Chinese whose native place in Fujian. They are particularly concerned about construction in their native place. The number of Overseas Chinese who visit the motherland has increased considerably. Some have returned for the first time in 3-4 decades and some have returned with their children who were born abroad. We are touched by this and they are also very pleased. Some of them are high-ranking officials in foreign countries. They have made special trips to China with the aim of seeing their birthplaces. Some have gone abroad since childhood and some were born abroad. They were quite unfamiliar with the outlook of their native place. After visiting the motherland, they were greatly touched and said that people in their native place were very cordial to them. This shows that since the implementation of the policy of opening up to the outside world, the relationship between Fujian and Overseas Chinese has become closer. Similarly, we are warmly welcomed by many Overseas Chinese when we go abroad."

Hu Ping disclosed: In recent years, Overseas Chinese have invested over 200 million yuan in schools and hospitals so that Fujian has taken on an entirely new look. As a sign of encouragement, Fujian Province makes a point of presenting a gold medal to each Overseas Chinese who invests 500,000 yuan or more in schools in Fujian. They cherish the medals and are very pleased. Hu Ping said: "We still owe them a few gold medals!"

"We have contact with old, middle-aged, and young Overseas Chinese and we have discovered that they sincerely hope that the motherland will prosper and that they are quite willing to invest. The problem if whether or not we are good at using the investment. We should understand the situation and their desire and use the capital and strength of Overseas Chinese according to their desires. This involves both the economy and the concept of 'one country, two systems.'"

How To Use the Capital and Strength of Overseas Chinese

This writer asked Hu Ping the specific methods of using the capital and strength of Overseas Chinese. HU PING SAID: "FIRST, WE SHALL ADOPT PREFERENTIAL TREATMENT TOWARD OVERSEAS CHINESE CAPITAL BY COLLECTING FEWER CHARGES FOR THE USE OF LAND FROM OVERSEAS CHINESE THAN FROM FOREIGN BUSINESSMEN. SECOND, WE SHALL EXTEND THE TAX EXEMPTION PERIOD BY SEVERAL YEARS. THIRD, WE SHALL EXTENSIVELY MAKE FRIENDS WITH OVERSEAS CHINESE AND HELP THEM RUN THE EXISTING ENTERPRISES WELL USING OVERSEAS CHINESE CAPITAL. As a matter of fact, Overseas Chinese have played a great role in the development of Fujian. Of Fujian's foreign exchange revenue, amounting to more than $800 million, over 70 percent comes from Overseas Chinese capital. It comes from all corners of the world. Through Overseas Chinese, we have come in touch with many foreigners. Therefore, they have really played the pivotal role of a bridge."

LATER, THIS WRITER LEARNED THAT FUJIAN IS CONSIDERING OFFERING OVERSEAS CHINESE AND FOREIGN BUSINESSMEN SOME PROJECTS WITH THE BEST ECONOMIC RETURNS SO THAT THEY CAN MAKE PROFITS. IN THIS WAY, FUJIAN CAN ATTRACT MORE PEOPLE TO INVEST. THE PARTIES CONCERNED SAID THAT WORK ON OVERSEAS CHINESE AFFAIRS WILL BE EMPTY TALK IF IT IS NOT COORDINATED WITH ECONOMIC ACTIVITIES. WE SHOULD ENCOURAGE OVERSEAS CHINESE BY SAYING: "THE FACT THAT YOU CAN MAKE PROFITS IN THE NATIVE PLACE SHOWS THAT YOU HAVE MADE A GREAT CONTRIBUTION TO THE NATIVE PLACE!" DO NOT ENTERTAIN THE MISGIVINGS THAT "IT IS NOT RESPECTABLE TO MAKE PROFITS IN THE NATIVE PLACE." FUJIAN SHOULD ALSO CREATE A FAVORABLE CONDITION FOR OTHER PEOPLE TO MAKE PROFITS. A RELATED SOURCE SAID: OVERSEAS CHINESE INVEST IN FUJIAN WITH THE AIM OF DOING BUSINESS. IN THIS SENSE, WE CAN ADVOCATE "PROFIT-MAKING FIRST, LOVE FOR THE NATIVE PLACE SECOND." WE SHOULD ENCOURAGE OVERSEAS CHINESE TO LOVE THE COUNTRY, BUT WE SHOULD ALSO CREATE CONDITIONS FOR THEM TO LOVE THE COUNTRY. IN CAPITALIST COUNTRIES, A PERSON CANNOT SURVIVE IF HE CANNOT MAKE A PROFIT. FUJIAN HAS REPEATEDLY STRESSED THAT IT PLANS TO ATTRACT FOREIGN CAPITAL BY GIVING THEM THE MOST PREFERENTIAL TREATMENT AND TO OFFER FOREIGN BUSINESSMEN SOME PROJECTS FROM WHICH THEY CAN MAKE MAXIMUM PROFITS. WE SHALL LET THEM DRAW BENEFITS FROM IT.

AS THEY PUT IT: "THE EARLY BIRD CATCHES THE WORM." THIS IS A VERY FAVORABLE OPPORTUNITY TO INVEST IN FUJIAN!

Some 10,000 People Came From Taiwan to Fujian Last Year To See Relatives or Friends

Reportedly, 80 percent of the people in Taiwan come from Fujian. We can communicate with each other in the same language and have a close, blood relationship. Have there been any new trends on the part of China since the "China Airlines" incident? This reporter naturally will not let the good opportunity to gather news slip.

Hu Ping said: On the mainland, Fujian is closest to Taiwan. In the past, we shelled each other every other day. Since 1983 we have stopped shelling each other. Since 1985 we have not only stopped shelling but also stopped sending propaganda materials by air or by sea. It is relatively quiet in the Strait. The vessels of both sides follow their own normal routes. The fishermen go fishing together, offering each other cigarettes. Every year there are many Taiwan fishermen entering Fujian waters to take shelter or to see relatives or friends. Last year, some 10,000 people from Taiwan came to Fujian by various means to visit relatives or friends. Most family members on both sides have gotten in touch with one another. Some people from Taiwan have invested in enterprises in Fujian. (A high-ranking official told this writer, on the sly, that there is an enterprise using Taiwan capital near Xihu Guesthouse.)

There Are Also Changes in the U.S. Attitude

Hu Ping disclosed that "we have followed with interest" personnel changes in the Standing Committee of the KMT Central Committee, the dialogue between the KMT authorities and the non-party personages, and even Chiang Ching-kuo's latest speech. Hu Ping expressed his pleasure at the solution of the "China Airlines" incident, alleging that the event developed very rapidly. This shows that many problems among brothers can be settled entirely through consultation, provided there is sincerity. In the future, more problems will probably be solved through consultation between both parties.

Hu Ping also claims that there have in fact been some changes in the U.S. attitude, which can be noticed from their remarks. (This writer has noticed that CANKAO XIAOXI [REFERENCE NEWS] and other publications have carried extracts of relevant remarks from the U.S. side.) However, as a public official, he was not in a position to say more.

On another occasion, in a conversation with this writer on the talks between the Civil Aviation Administration of China and China Airlines, Mr Chen Guangyi, secretary of the Fujian Provincial CPC Committee, said: "This is a good thing." With regard to the establishment of transport, trade, and postal relations, he said: "I am sure there will be new developments in the future. When we talk about the establishment of transport, trade, and postal relations, we base ourselves on the compatriots on both sides of the Strait. We speak earnestly and sincerely and we mean what we say. I just cannot believe that Mr Chiang Ching-kuo does not want to go to his native place and have a look. It may be hard for him to say so, but he still entertains such an idea in his mind. This is normal and natural in human relationships."

Chen said: In the past we have not carried out our work toward Taiwan satisfactorily. In the future, we should do it better. In line with the concept of "one country, two systems," we can increase nongovernmental exchanges between us. Taiwan still sends us propaganda materials by balloons or seaborne containers. I think there is no need for this. There is nothing better than conducting exchanges and sending people here. Is there anything wrong in coming here to have a look?"

Fujian Has Begun Adopting a Set of Measures To Conduct Trade With Taiwan

On trade with Taiwan, Hu Ping said: In the beginning, the volume of sea trade was small. From 1981 to the first half of 1984, however, small trade went on uninterrupted via fishing boats. Movies and videotapes from the mainland were also taken to Taiwan. From the second half of 1984 to the first half of 1985, we lost control over trade with Taiwan. At that time, neither side had experience. Now we have adopted a set of management measures, including approved customers, designated ports, customs house supervision and management, and the collection of regulatory taxes, in order to develop trade in a planned way.

Hu Ping stressed: Good management is beneficial to both parties. What is significant is that both parties have taken some actions without prior consultation. For example, Taiwan stipulates the volume of small trade at 100,000 new Taiwan dollars and China stipulates it at 6,000 yuan, which are similar amounts.

Taiwan Tacitly Consents to the Establishment of Transport, Trade, and Postal Relations

"To all appearances, Taiwan says that it will not engage in the establishment of transport, trade, and postal relations, but actually it has tacitly consented," added Hu Ping. "It cannot possibly oppose what is economically beneficial."

When looking forward to the future, Hu Ping spoke in an assured tone. He said: "What lies in future developments? We are ready on our side but the key lies on the Taiwan side! In my view, if we truly are guided by the interests of the people on both sides of the Strait, we should support them, manage them well, and coordinate our activities satisfactorily."

Setting Up Nine Centers for Conducting Trade With Taiwan

On another occasion, Mr Lin Jiang, deputy director of the general office of the Fujian provincial government, said to me: The number of centers for receiving people from Taiwan and for conducting trade with Taiwan has been increased from four to nine.

We will build support facilities to provide these centers with better accomodations. The nine new centers for conducting trade with Taiwan are: Sansha in Xiapu County, Dongao in Pintgan County, Dongjia, Chongwu in Huian County, Tongling in Dongshan County, Mawei Port in Fuzhou City, Dongdu Port in Xiamen City, Linghai (Qianbu) in Quanzhou City, Xiuyu Port in Putian County, Xiazhai in Zhangpu County, and Xiaocheng in Lianjiang County.

In these place we have set up centers to conduct trade with the Taiwan ships docking there. In coastal cities, however, we have set up investment and trade companies, centers for receiving people from Taiwan, and commodity centers for conducting trade with Taiwan. We give preferential treatment to those people from Taiwan who conduct direct trade by exempting their goods from taxation. We shall only collect regulatory taxes (which are lower than the customs duty). However, these goods should be subjected to customs house inspection and should be inspected for their quality. We shall implement an all-round license system on them.

Lin Jiang disclosed to me that, of those people who have come to Fujian to visit relatives or friends or to do business in the past few years, no one has ever met with an accident on the mainland. We ensure their freedom to come and go and their safety. In order to avoid trouble, we neither carry the news in the newspapers nor take photographs. The Taiwan side has arrested Chen Kuo-hsun, Nien Chao-nan, Chen Chien-hsiung, and Lin Wen-chieh on the ground's of "conducting trade with bandits." Lin Jiang said that it should not have done so. He also disclosed that some of them have not necessarily been to Fujian!

The Trend of Fujian Issuing Bonds and Shares

Finally, this reporter asked Governor Hu Ping about the trend of Fujian issuing bonds.

Hu Ping said: Fujian has issued bonds abroad twice and it plans to continue issuing bonds in the future. There are two principal purposes in issuing bonds: First, the Fujian government borrows and repays the money in a unified way, and it will mainly be used in large projects such as wharves and telephone facilities. Second, the money will be invested in a certain enterprise for its development, principally in capital construction and expanded production. We plan to issue 50 million [currency not specified] a year, but this should be approved by the central government. Moreover, Fujian also wants to issue shares, principally for Overseas Chinese. Some intellectuals abroad neither know nor want to go into business but they are willing to invest in the motherland. They do not mind investing in a particular factory or trade, but we should ensure their interests. We will adopt the method of issuing shares to raise more funds.

The Holy Tomb of the Two Disciplines of Muhammad in Quanzhou Is Another Place for Pilgrimage Besides Mecca, But It Is a Pity That It Has Not Been Renovated

Hu Ping said to this writer: Fujian has a tradition of opening up to the outside world since ancient times. When Islam spread to China in ancient times, it first came to Quanzhou. According to Seypidin, it spread to Quanzhou 100 years earlier than Xinjiang. This can be proved through archaeological studies. Vice Governor Chen Binfan said to me: In the suburbs of Quanzhou there is a "tomb of two holy men." It is the tomb of Muhammad's two disciplines. They came to China to do missionary work and died in Quanzhou. They were buried there. The Arabs nowadays cannot read some of the Arab words inscribed in front of the tomb.

After visiting the tomb some time ago, some Arabs said that if the holy tomb should prove to be true through archeological studies, those who have been to Mecca will also make a pilgrimage to this place. On the right hand side in front of the holy tomb there is a "windblown stone" which, according to some superstitious people, has come into being according to the will of the founder of Islam....

I was so interested in their remarks that when I went south to Xiamen, I made a special trip to Lingshan in the suburbs of Quanzhou to pay a visit to the "Tomb of Two Holy Men." At a mosque in Quanzhou, I happened to meet the president of the Fujian Provincial Islamic Association (I have forgotten his name). According to this gentleman of Arab descent, when a certain UTG [not further identified] group from Jordan visited the Mosque at the end of last year, it offered to contribute $1.5 million to renovate the mosque and the Tomb of the Two Holy Men. It has now remitted $250,000 and deposited the rest in an Oman bank. When the renovation starts, it will send the rest of the money. Around the "holy tomb" I saw deserted tombs and broken tomb stones lying about and the setting sun shining on withered grass. Some village women were letting cattle graze there. With cow dung lying here and there, the place was quite desolate. The road signs leading to the "holy tomb" were not clear, so that when I went there by car, the driver lost his way. Obviously, it is time for the area around the holy tomb to be repaired.

LAW DRAFTING COMMITTEE DISCARDS SECRECY RULE

HK290658 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 29 Jun 86 p 3

[From Stanley Leung in Shenzhen]

[Excerpt] All members of the political structure sub-group under the Basic Law Drafting Committee decided unanimously last night to lift the much-criticised rule of secrecy. The decision was announced by the co-convenors of the sub-group, Mr Louis Cha and Mr Xiao Weiyun, following an hour-long preparatory meeting attended by 16 members in Shenzhen.

According to the latest decision, both the time and venue of future meetings will no longer be secret. And after each session, the two co-convenors will brief reporters on progress of the discussions. Mr Cha however stressed that some discissions which it was felt could cause possible embarrassment to the British Government, such as criticisms of the existing political system, might still have to be kept secret pending the sub-group's decisions.

Despite relaxation of the rule, Mr Cha said members still had to observe the guideline of the drafting committee whiich states that no member may disclose others' suggestions made at meetings without their permission.

Almost all the seven local members spoke against the rule at the meeting and their objections were shared by the mainland members. Both Mr Martin Lee and Mr Szeto Wah said after the meeting that they were satisfied with the outcome.

The sub-group is due to begin its three-day meeting today.

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ZHAO ZIYANG LEAVES ON EUROPE-AFRICA TOUR

OW010602 Beijing XINHUA in English 0554 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- Chinese Premier Zhao Ziyang left here by special plane this morning for an official goodwill visit to Romania, Yugoslavia, Greece, Spain, Turkey and Tunisia. Seeing him off at the airport were Vice-Premier Wan Li and State Councillor and Foreign Minister Wu Xueqian.

Qian Qichen, vice-foreign minister who accompanies the premier on the visit, said at the airport that starting from this visit, the Chinese Government has decided to cut short lines of officials seeing off a Chinese leader when he goes abroad.

Other members of the premier's official delegation are Minister in Charge of the State Economic Commission Lu Dong, Vice-Minister of Foreign Economic Relations and Trade Wang Pinqing and Vice-Minister of State Commission for Restructuring Economic System Bao Tong.

Diplomatic envoys of the six countries were also present at the airport to see Zhao Ziyang off.

Qian Qichen Comments on Tour

OW010620 Beijing XINHUA in English 0609 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- Chinese Premier Zhao Ziyang will meet with chairman of the executive committee of the Palestine Liberation Organization Yasir 'Arafat during his visit to Tunisia. Vice-Minister of Foreign Affairs Qian Qichen said this at the airport today before he left with the premier on a tour of Romania, Yugoslavia, Greece, Spain, Turkey and Tunisia.

When asked whether Chinese and Soviet foreign ministers will exchange visits in the latter part of this year, Qian said there was no agreement on the exchange of visits for the first half of this year. As to when it will take place, he added, it has not yet been decided. As the Chinese representative, he said, he expected to meet the Soviet delegation at the ninth round of consultations in October in Beijing. As the Chinese representative, he said, he expected to meet the Soviet delegaton at the ninth round of consultations in October in Beijing.

He said Premier Zhao's tour is a return visit to the visits by heads of governments of the above-mentioned six countries. The purpose of Zhao's visit is to deepen mutual understanding, enhance friendship, promote cooperation of mutual benefit and safeguard world peace. He said that the six countries are different in social systems and degree of economic development, and some are aligned while other are not. But they all maintain close, friendly relations with China and their economic relations and trade with China are growing smoothly.

USSR PROPOSES SPECIAL MEETING ON SALT II TREATY

OW301846 Beijing XINHUA in English 1735 GMT 30 Jun 86

[Text] Washington, June 30 (XINHUA) -- The Soviet Union has proposed a special session on the Standing Consultative Commission of Soviet and American Government experts in Geneva next month to discuss the U.S. decision to scrap the SALT II Treaty by the end of this year, THE NEW YORK TIMES reported today, citing government officials.

The commission was set up under the 1972 U.S.-Soviet Anti-Ballistic Missile Treaty to consider disputes about adherence to strategic arms treaties and to deal with other technical arms control matters.

This was the first time the Soviet Union sought a special meeting of the commission, which normally meets twice a year and is not due to meet until late September.

President Reagan announced on May 27 that the United States would no longer abide by the SALT II Treaty because it was "fatally flawed" and has expired as a matter of fact. But he also made it clear that when he makes the final decision by the end of the year, he would take into account changes in Soviet arms control policy.

Recently President Reagan praised the new Soviet proposals in the Geneva arms control talks as the beginning of "serious effort" on the part of the Soviets in reducing nuclear weapons. But he did not make it known whether those proposals would influence future American decisions on exceeding nuclear weapons limits set by the SALT II Treaty.

According to today's issue of THE NEW YORK TIMES, the Reagan administration has not yet decided how to respond to the Soviet proposal for special talks on SALT II. The paper said some officials held a skeptical view that the Soviet move was primarily intended to draw more attention to the U.S. SALT II decision and to press President Reagan to reverse that decision.

ULANHU ADDRESSES MEETING ON RELIGION, PEACE

OW281741 Beijing XINHUA in English 1451 GMT 28 Jun 86

[Text] Beijing, June 28 (XINHUA) -- Chinese Vice-President Ulanhu said here this evening that the Chinese people appreciate the unremitting efforts made by the World Conference on Religion and Peace (WCRP) to safeguard world peace. The Chinese leader made this remark at his meeting with the 100 religious believers attending the WCRP International Council meeting here.

Ulanhu said that over the past years, WCRP has made contributions to opposing arms expansion and war preparations, striving for nuclear arms reduction, opposing racial discrimination, and helping African victims of natural adversities. The current WCRP International Council meeting held in China is an important act of the religious body in striving for world peace and it will promote the friendly exchanges between the religious believers of China and other countries, Ulanhu added.

China has possessed a limited number of nuclear weapons for the sake of its own security, Ulanhu said. But, he pointed out, China has consistently stood for a complete prohibition and thorough destruction of nuclear weapons since it conducted its first nuclear test, and stated that China will never be the first to use nuclear weapons at any time or under any situation.

Ulanhu expressed the belief that a world war may be checked and world peace be safeguarded through the joint efforts of the world people.

He reiterated China's policy on the freedom of religious belief, saying that all the Chinese citizens, regardless of religious believers and non-believers, are politically equal and enjoy equal rights and duties.

Ulanhu supported Chinese religious organizations to strengthen friendly exchanges with foreign religious circles, saying this will promote the friendship between the Chinese people and the people of the rest of the world and promote the development of world peace movement.

Nikkyo Niwano, honorary president of the WCRP, said the meeting was held here in China because the country is a force that can not be neglected in any activity involved in world peace.

Also present on the occasion were Vice-Chairmen of the Chinese People's Political Consultative Conference National Committee Qian Changzhao, Zhou Peiyuan and Zhao Puchu.

After the meeting, the Religious Affairs Bureau of the State Council gave a banquet for the participants.

Banquet Marks Success

OW291519 Beijing XINHUA in English 1452 GMT 29 Jun 86

[Text] Beijing, June 29 (XINHUA) -- Nikkyo Niwano, honorary president of the World Conference on Religion and Peace (WCRP), gave a banquet here this evening to mark the success of its meeting in Beijing, attended by more than 120 representatives of 11 religions from 30 countries and regions. In a toast, he thanked the Chinese side for the support to the meeting. He said: "We pledge in China -- the great country with the Great Wall -- that we will also build a great wall leading to happiness and peace for all mankind."

Zhao Puchu, president of the Buddhist Association of China, said the successful meeting would surely produce an inestimable positive impact on the peace movement as a whole, and the Chinese believers were encouraged by this.

Bainqen Erdini Qoigyi Gyaincain, honorary president of the Buddhist Association of China, and Vice-Chairman of the Chinese People's Political Consultative Conference National Committee Yang Jingren, Qian Changzhao and Zhou Peiyuan attended the banquet.

WU XUEQIAN MEETS UNITED NATIONS OFFICIALS

OW280912 Beijing XINHUA in English 0800 GMT 28 Jun 86

[Text] Beijing, June 28 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian today met a delegation from the ad hoc committee of the International Conference on Kampuchea led by Massamba Sarre, chairman of the ad hoc committee and permanent representative of Senegal to the United Nations. Vice-Foreign Minister Qian Qichen had talks with the guests yesterday morning and exchanged views with them on the Kampuchea issue.

The guests arrived here June 26th after attending the ASEAN (the Association of Southeast Asian National) ministerial conference in Manila. Members of the delegation include Miss Edmonde Dever, vice-chairman of the ad hoc committee and permanent representative of Belgium to the U.N., and Kadir Deen, rapporteur of the ad hoc committee and charge d'affaires of the permanent mission of Malaysia to the U.N.

RENMIN RIBAO VIEWS CPC INTERNATIONAL LIAISON WORK

HK290821 Beijing XINHUA Hong Kong Service in Chinese 0603 GMT 29 Jun 86

[Text] Beijing, 29 Jun (XINHUA) -- Today's RENMIN RIBAO carries an article signed by Lian Yan, which states that the CPC's international liaison work has now entered a lively new period. The CPC has now established various forms of links with about 200 communist parties and other progressive and friendly parties.

The article, entitled "A Discussion on the Readjustment and Development of the CPC's International Liaison Work," says that from the day of its founding the CPC started to establish and develop ties and exchanges with foreign communist parties. After the birth of the new China, as the country's ruling party, the CPC further expanded and developed ties and friendship with various communist parties and peoples. By the end of the 1950's, the CPC had established or was maintaining friendly ties with the great majority of the world's communist parties. However, polemics broke out in the international communist movement in the early 1960's, and China then carried out the Great Cultural Revolution; the ties between the CPC and the majority of communist parties were broken.

After the end of the Cultural Revolution in 1976, the CPC changed this abnormal state of affairs and gradually readjusted its guidelines for international liaison work. At the same time, many communist parties expressed their wish to restore ties and contacts with the CPC.

Discussing the CPC's basic principles and policies on handling relations with other communist parties, the article says that the CPC perseveres in developing relations with communist parties and other working-class parties on the basis of Marxism and in accordance the principle of acting independently and retaining the initiative in its own hands, complete equality, mutual respect, and mutual non-interference in internal affairs.

The article stresses that going all out for socialist modernization is China's central task in the new historical period. All the CPC's work, including its international liaison work, must be subordinate to and serve this general goal and task. This represents the Chinese people's fundamental interests and demand, and is also the primary and most important aspect in demand, and is also the primary and most important aspect in undertaking our international obligations. The article goes on to say that preserving world peace and promoting economic cooperation are also important tasks and goals of the CPC's international liaison work.

STATE OF U.S.-SOVIET ARMS TALKS ANALYZED

OW271910 Beijing XINHUA in English 1843 GMT 27 Jun 86

["News Analysis: U.S.-U.S.S.R. Arms Talks FAce Test (by Ren Zhengde)" -- XINHUA headline]

[Text] Geneva, June 27 (XINHUA) -- The fifth round of U.S.-U.S.S.R. arms negotiations, which ended here Thursday, has shown some signs of a change in the attitudes of the two sides, but remains as to whether the prolonged arms negotiations will achieve any substantial progress. In the current round of talks, which started on May 8, Moscow put forward several proposals on strategic, intermediate and space weapons control. All these Soviet suggestions except one have been dismissed by Washington as "means of propaganda" and "old offers in new wraps."

However, commenting on the Soviet June 11 proposal, U.S. President Ronald Reagan said for the first time that the Soviet side has begun to make "serious efforts" in arms talks and that it could be a "turning point" in the U.S.-U.S.S.R. relations. The Soviet arms control proposal is a broad-ranged package which, among other things, calls for a 30 percent reduction of strategic weapons by both sides, continuation of the 1972 Anti-Ballistic Missile Treaty for at least 15 years and the limiting of space weapons development to laboratory testing.

What attracts President Reagan to the package is, first of all, that the Soviet Union has re-defined the concept of the strategic nuclear weapons that should be reduced. Previous Soviet proposals defined strategic weapons as those which "can reach the territory of the other side," thus including all U.S. intermediate nuclear weapons deployed in Europe but excluding the Soviet intermediate launchers. In the latest proposal, however, the U.S. intermediate missiles are not included.

Secondly, the Soviet side no longer insists that the United States stop doing research in and testing its Strategic Defense Initiative, nicknamed "star wars" program, but allows the weapons to be developed within laboratories. A Soviet deputy foreign minister said on Tuesday that the U.S. space weapons testing so far has just "reached the threshold," a remark widely interpreted as Soviet acknowledgement that such testing has not gone beyond "laboratory testing."

Thirdly, in previous proposals, the Soviet Union called for a cut of strategic missiles of all types, either ground, submarine or air-based, by at least 40 percent, which would apparently diminish the superiority of U.S. submarine-based missiles. But the 30 percent cut in the new proposal will permit both sides to keep the cream of their nuclear arsenals.

Besides, Moscow now shows more flexilibity on the verification of nuclear development, on which the American side has kept pressing it. It now agrees to "on-the-spot" verification and even permits international verification or U.S. surveillance over the Soviet strategic weapons assembly lines.

However, the flexibility showed by Moscow is still far from what the Americans hope for. Therefore, while praising the Soviet proposal, Reagan maintained that Washington cannot accept the proposal "without making any changes." Max Kampelman, U.S. chief delegate to the Geneva arms talks, also said that both sides still have "great and substantial difference."

Observers believed that the endless row between the two superpowers on arms control has focused on the U.S. star wars program. The Soviet proposals, flexible as they are, have been designed to stop or delay the U.S. space weapon development. This purpose is also revealed in the Soviet June 11 proposal calling on both sides to abide by the 1972 ABM treaty which prohibits the deployment of outer space-based weapons.

The United States has, for its part, not given any concession over the star wars issue. Reagan claimed on May 27 that the United States will no longer abide by the U.S.-Soviet second Strategic Arms Limitation Treaty (SALT-II). He was aiming both to clear the way for developing space weapons and to abolish the ABM Treaty in the future.

History has proved that the two superpowers, for their own interests, would make overtures to each other but no concession on vital issues. Therefore, the U.S.-Soviet arms talks have repeatedly got bogged down and yielded no result. This time, observers cautioned, whether the two sides will avoid the old path and turn vocal disarmament into action remains in question.

U.S. 'ANXIETY' OVER CENTRAL AMERICA VIEWED

HK220836 Beijing RENMIN RIBAO in Chinese 21 Jun 86 p 7

["Newlettter From America" by Zhang Yunwen: "Central America Peace Talks and U.S. Anxiety"]

[Text] Washington, 18 Jun -- Since the beginning of June, Reagan and White House officials have launched an intensive propaganda offensive on support for the Nicaraguan contras.

President Reagan has demanded on many occasions that the Democrat-controlled House of Representatives speedily pass a bill providing $100 million in aid for the contras, and has warned that if the passage of this bill is blocked, the House will have to take the responsibility for the ensuing "national security disaster."

The U.S. Administration's bill on providing the Nicaraguan contras with $100 million was voted down by the House of Representatives on 20 March, but the House will take a second vote on the bill a little later this month. According to the media, the administration's recent words and deeds have been aimed at gaining the support of public opinion to force Congress to pass the bill. However, diplomatic analysts say that this propaganda offensive is obviously closely linked to the administration's "anxiety" over the present situation in Central America.

In the past 2 months, under vigorous stimulation by the Contadora Group, some new progress has been made in the peace process in Central America. The leaders of five Central America countries achieved a smooth meeting and expressed their intention to sign a Central American peace treaty. The foreign ministers of 13 Latin American countries met on 6 June. In order to coordinate the stand of various parties, the Contadora Group put forward new amendment proposals for the peace treaty at this meeting. The Nicaraguan Government expressed satisfaction with the results of the meeting.

This trend has aroused the attention of the United States. In Central America, the United States has consistently tried to use the Nicaraguan contras to keep up the military pressure on that country and force its government to submit. Hence, although the United States has expressed verbal support for the Contadora Group, it has in fact repeatedly blocked the group's goal of signing a Central American peace treaty. While releasing a report on 20 May entitled "Prospects for Containing the Communist Government in Nicaragua," the Pentagon announced that if the United States supported this treaty, that would be equivalent to giving Nicaragua "a license to cheat." The situation would become irreversible in less than 3 years, and the United States would therefore have no choice but to spend $9 billion a year in beefing up the military strength of its Central American allies, and so on. The U.S. Administration originally estimated that prospects for signing a Central American peace treaty were dim and that the Nicaraguan government would not agree to sign it. However, the signs now are that things may have changed; in these circumstances, congressional resistance to approving the aid bill may be still greater. The moment the five countries sign a peace treaty, the United States will be forced to cut off its aid to the contras and withdraw its military advisers from Central America, thus losing its military influence in the region. This is precisely the reason why certain people in the U.S. Administration are full of anxiety and have stepped up their efforts to drum up support.

Diplomatic observers hold that the United States is facing three possibilities in Central America: 1) Supporting the contras in fighting a protracted and inconclusive war; 2) Directly sending in its troops, thus becoming embroiled in a "Vietnam-style war"; 3) Accepting the Contadora Group scheme and engaging in peace talks. Public opinion says that the third would be "the wisest choice."

However, judging by the Reagan administration's recent words and deeds, U.S. policy on Central America still shows no sign of changing.

COMMENTARY ON U.S. CONGRESSIONAL AID DECISION

OW281447 Beijing XINHUA in English 1430 GMT 28 Jun 86

[Commentary: Central American Peace Process Suffers From U.S. Congressional Decision (by Tang Tianri) -- XINHUA headline]

[Text] Beijing, June 28 (XINHUA) -- The U.S. House's approval of the Reagan administration's 100 million U.S. dollar aid to Nicaraguan rebels has dealt a hard blow at the Contadora Group which is striving to bring peace to Central America.

For the past two years, the Contadora Group, consisting of Mexico, Panama, Colombia and Venezuela, has made some progress in its peace efforts, but the results are far from what is expected and a peace treaty sponsored by the group still cannot be signed.

There are many reasons. But the main one is that the U.S. Government has insisted on a hostile policy against the Nicaraguan Government and given a large amount of military aid to Nicaraguan anti-government forces.

President Ronald Reagan wrote to the Congress in February, seeking approval of an extra 100 million dollars of aid to Nicaraguan rebels, of which 70 million would be spent on military equipment and the rest on logistic support. Secretary of State George Shultz warned that unless the bill was approved, the possibility of sending U.S. troops into Nicaragua could not be ruled out.

However, the U.S. Government's undisguised interference in Nicaragua's internal affairs met strong opposition from both home and abroad. As a result, the bill was passed in the Senate by a slim majority of six votes but rejected in the House by 222 to 210 in March. The approval by 221 to 209 Wednesday, following three-month hard lobbying, has reversed the initial defeat of the U.S. Government over the aid bill.

Reagan's new aid has worsened the already strained relations between the United States and Nicaragua, which launched a strong protest against Washington immediately after the approval of the aid bill.

Complaints by some Latin American countries show that the approval of the bill has discouraged the Contadora Group which has worked on the peace treaty for three years with some progress being made towards its goal.

In aiding the Nicaraguan rebels, Washington has placed itself on the opposite side of peace and therefore is responsible for the deterioration of the situation in Central America.

LIAOWANG ON PROTECTIONISM, WORLD ECONOMY

HK270739 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 25, 23 Jun 86 p 6

[Article by Wei Yanshen: "Oppose Protectionism, Invigorate the World Economy"]

[Text] The current protectionist measures adopted by industrialized countries in the West have seriously undermined the development of the world economy. This has attracted close attention from the people of the world of various circles. Since the seventies, the capitalist world's protectionism has become more and more serious. Trade wars have broken out one after another among the developed countries. Also, the developing countries' exports goods to the developed countries have been restricted and discriminated against.

The capitalist world's trade protectionism has a long history. As early as the 18th and 19th centuries, the United States, France, and Germany adopted measures to protect their national industries. But what they protected then were the rising national industries, and they had grounds for adopting such traditional protectionsim. By the twenties and thirties, all powers in the West, including the United States, had adopted the super-protectionism through which they vied with each other for overseas markets while monopolizing their domestic ones. This seriously affected the expansion of international markets and the development of international trade.

In 1947, 23 major capitalist countries signed in Geneva the multilateral trade agreement -- the GATT. In a certain sense, the agreement was reached for the sake of resisting protectionism. Since it was put into effect in 1948, the members have held talks on seven occasions on cutting tariffs. It has therefore made some contribution to promoting the development of world trade. From the late seventies, the capitalist world's economy entered the stage of stagnation. In particular, by the end of the seventies and in the early eighties, the capitalist world once again faced a serious crisis. The world market was shrinking and demand fell. Protectionism thus became more rampant and was obviously marked by conservativeness and stubborness. People generally call it the new protectionism. Its characteristics are:

-- What are being protected by the new protectionism are the declining industries rather than the budding ones.

-- The new protectionism not only builds high trade barriers and puts restrictions on imports, but also sets strict limitations on the export of advanced technological commodities.

-- The major targets of the new protectionism are the newly industrialized countries and all developing countries.

-- The main form taken by the new protectionism is trade barriers rather than tariffs.

Materials provided by the GATT show that countries in the West currently adopt over 900 kinds of measures other than tariff barriers. The proportion of nontariff barriers in the world's trade in manufactured goods increased from 13 percent in 1974 to 40 percent in 1984. This has therefore brought serious consequences to world trade, as well as to the world economy. Outstanding among these are: On the one hand, through bilateral or trade agreements, these countries assign import quotas to sensitive commodities, or share the market by adopting the so-called "conscious export restriction" method; and on the other, through the provision of export subsidies, export credits, as well as rental and tax exemption or reduction, these countries strengthen the competitiveness of their export commodities and, at the same time, adopt such methods as imposing anti-goods-dumping taxes on import commodities so as to prevent others from entering their domestic markets. Furthermore, the nontariff barriers also include setting harsh technological and public health standards for import commodities, formulating complicated examination procedures, controlling the market through compensation trade, and so on.

The protectionism that has recently prevailed among countries in the West and the previously adopted free trade policy share the same and profound political, economic, and social causes. They are the foreign trade policies alternately adopted by capitalist countries in connection with their internal and external political and economic situations at different times. At the beginning of this century, the economic status of Britain in the capitalist world began to decline. Facing an enormous and increasing trade deficit, it could not but gradually lower its banner of "free trade," which had been held high for a century, and then switched to the practice of overall tariff protection. Today's United States is following in the footsteps of the then British Empire.

After World War II, the United States was the nation with the greatest economic strength. The adoption of "free trade" helped it break through other countries' tariff barriers and helped it continue to carry out a policy of expansion. On the other hand, its strength was sharply weakened in many areas, and it encountered competition and challenge from other developed countries and some new developing countries. It therefore depended on protectionist policies to protect its vested interests. In 1971 the United States faced its first trade deficit in 80-odd years. In the eighties, its foreign trade deficit snowballed and reached a record level. Between 1980 and 1985, the foreign trade deficit increased by about four times, from $36 billion to $150 billion. People generally held that this was an important sign representing a reduction in U.S. economic strength, as well as the significant background for causing protectionism to prevail.

At present, the protectionism adopted by the developed countries against the developing countries is most obvious in the area of textile trade. In 1973, the developed countries signed the multifiber agreement with over 40 developing countries (regions). Under certain circumstances, the developed countries are allowed to impose temporary quotas on textile imports. Later, the United States acted in accordance with the multifiber agreement and signed over 30 bilateral textile agreements with the developing countries. Most textiles and garments exported by the developing countries to the United States were under strict restrictions. But this did not satisfy the United States. Beginning from December 1983, it further announced the "new provisions for regulations on the place of origin" and levied the so-called "antisubsidies tax" on the developing countries' textile exports to the United States.

The United States announced at the beginning of this year that beginning from 9 March, all imported textiles and garments must have a "formal import" document. It also nullified the small-quantity textile import tariff exemption status of Hong Kong and 24 other countries and regions.

This year, the United States has worked out new protectionist measures and plans one after another, including:

Since the beginning of this year, the United States has informed Hong Kong, Taiwan, and South Korea about revising the bilateral agreements on exporting textiles to the United States. It froze the textile export quotas of these areas for future years at last year's levels. In addition, it included in the bilateral agreements silk fabrics and linen fabrics which were originally not within the framework of the multifiber agreement.

In early April, the United States announced that any country whose export goods accounted for more than half the U.S. import volume would no longer enjoy the generalized system of preferences.

In late May, the U.S. House of Representatives adopted a new bill on trade protectionism. It urged the U.S. Government to hold talks with its major trading partners who enjoy a favorable balance of trade with the United States. It also urged the U.S. Government to take retaliatory measures against countries and regions which do not observe U.S. trade regulations. The United States asked Japan, the FRG, and Taiwan to cut their favorable balance of trade by 10 percent per year. Otherwise, the United States would impose import quotas and set up tariff barriers against their products.

Over the years, the adoption of trade protectionism by the West has seriously affected the development of the world economy and trade. With the impact of protectionism, as well as slow and sluggish economic growth, the annual growth rate of the world export volume of manufactured goods dropped from 11 percent in 1960-73 to 4.5 percent in 1976-83. At present, trade in manufactured goods accounts for more than 50 percent of the world's trade volume and over 70 percent of it involves trade with the developed countries. This therefore causes world trade to remain sluggish, though the economy of the West is recovering.

In the current whirlpool of protectionism, the exports of developing countries, particularly the manufactured goods-exporting countries, have suffered most. During the period of economic crisis between 1973 and 1975, the economies of these countries declined. But it was a mild crisis and they soon recovered. This was because protectionism at that time was not very serious. In the early eighties, there occurred the worst economic crisis since World War II. Trade protectionism became rampant. Hit repeatedly by export problems and high interest rates, the economies of many developing countries as a whole faced negative economic growth in the export of manufactured goods, which had not been seen for years. They experienced zero economic growth in 1982 and 1983. Though the economy of the West began recovering in 1983, trade protectionism became more rampant. The developed countries have imposed stricter import restrictions on textiles, shoes, and steel.

At the same time, many developing countries (regions) in Asia began relying more in recent years on the U.S. economy. In some areas, over 50 percent of their exports are shipped to the United States. At present, two-thirds of the United States' textile imports come from Asia's new developing countries. Therefore, Asia's developing countries and regions are most affected. It is estimated that the "new provisions on the place of origin of textile imports," which were promulgated in September 1984, have reduced Hong Kong's textile exports to the United States by one-seventh. The annual loss totaled HKD 2.2 billion. This may also deprive over 60,000 textile workers of their jobs.

In 1985, the economy of the West was in the process of recovering. But since the U.S. economic growth rate was small and it reduced its import volume and actively engaged in protectionism, the exports of some Asian developing countries and regions were reduced, and their economies experienced sluggish or retrogressive development.

Since World War II the developed countries have relied more on the developing countries in economic terms. Being the developed countries' sources of raw materials, commodity sales markets and places of investment, the developing countries have strengthened their roles rather than weakening them. But now the developed countries are trying to shift their crisis on to the developing countries by adopting trade protectionism and so on, and to improve their economic situation at the expense of the Third World's interests.

This can only be an act of killing the goose that lays the golden eggs, and the developed countries will eventually stew in their own juice.

U.S. CLAIMS SANCTIONS RESTRAINING LIBYA

OW010128 Beijing XINHUA in English 0111 GMT 1 Jul 86

[Text] Washington, June 30 (XINHUA) -- The United States claimed today it has completed implementing economic sanctions against Libya that have put "great restraint" on Libyan leader Mu'Ammar al-Qadhdhafi. An executive order issued January 7 banned all trade by U.S. citizens with Libya because the government accused Libya of sponsoring terrorism. After its April 14 bombing raid on Libya, the United States again demanded all American companies should pull out from Libya by June 30.

U.S. Undersecretary of State Michael Armacost told reporters today: "The stated and clear objective was to prevent any -- even inadvertent -- American material support" to Libya.

Armacost said the United States "is determined to sustain maximum pressure on the Libyan Government" and will "continue to press others (U.S. allies) to take actions in a similar vein." The primary objective, he said, "will be to reduce as much as possible Libyan oil revenues." Armacost said with American companies terminating Libyan operations today, "We've made major strides toward achieving that objective." Henceforth, "There will be no participation in our contribution by such companies to the Libyan economy."

The undersecretary said the European community and the seven industrialized countries that met in May for the Tokyo summit have indicated a willingness to join the United States in taking measures against Libya. According to Armacost, U.S. allies are cutting back commercial and trade ties with Libya, and European nationals have been leaving Libya in large numbers. He said it is premature to claim that Al-Qadhdhafi has been dissuaded from pursuing his hard-line stance, but Armacost said the United States believes "the measures that we have taken have been felt."

One senior State Department official confirmed that all American companies have ceased operations in Libya as of June 30. He acknowledged there may be individual Americans still in Libya, "but they're there in violation of our law at this point." The official claimed that terrorist actions in the Middle East and the Mediterranean area have decreased, attributing it in part to the U.S. attack against Libya and in part to the impact of expulsions of Libyan people's bureau personnel from Europe.

Asked whether the United States is considering a naval blockade against Libya, the senior official said, "That isn't right on the top of our agenda at this point. But we keep our options open with respect to Mr. Al-Qadhdhafi."

ZHAO ZIYANG HOSTS DINNER FOR U.S. PROFESSORS

OW301820 Beijing XINHUA in English 1427 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) -- Chinese Premier Zhao Ziyang hosted a dinner here this evening for four professors from the United States and their wives. The four professors are Gregory Chow of Princeton University, Anthony Koo of the University of Michigan, John Fei of Yale University, and Lawrence Lau of Stanford University.

PRC, PORTUGAL TALKS ON MACAO TURNOVER CONTINUE

Portugal Seeks Delay

HK300821 Hong Kong AFP in English 0712 GMT 30 Jun 86

[By Lawrence MacDonald]

[Excerpt] Beijing, June 30 (AFP) -- Portugal will seek to delay Macao's transition to Chinese administration as long as possible, an informed Portuguese source said here Monday as the two sides began talks on future of the 430-year-old enclave.

Portugal's emissaries hoped to persuade China it would be in the best interests of both sides if Lisbon continued to administer Macao for several years after 1977, the year neighbouring Hong Kong is set to revert to China, the source said. Lisbon would like to prolong its administration of Macao in a belated bid to use the territory as a base for expanding Portugal's investment, trade and cultural presence in east Asia, a Portuguese source said.

Chinese Prime Minister Zhao Ziyang told Portuguese President Ramalho Eanes during a May 1985 visit here that China sought to resume administration of the former trading outpost at the same time as Hong Kong. China considers rapid conclusion of the Macao talks a stepping stone on the road to national reunification, with Taiwan the largest and most difficult prize to obtain, analystse said.

A source close to the Portuguese negotiating team said it would adopt delaying tactics in an effort to prolong the talks up to one year, while China was expected to push for a smooth, quick conclusion.

Usually well-informed Chinese sources said the two sides were likely to meet once a month, finishing the talks in half a year.

China's top negotiator on the issue, Deputy Foreign Minister Zhou Nan, declined in a recent interview with a Portuguese journalist to comment on China's prefered date for resumption of administration, saying that such details would be discussed in the talks. The two-day round which began Monday morning was to include an evening followed by a second meeting Tuesday, Chinese officials said.

Lisbon's push for a late transition reflected Macao businessmen's hopes that a few years of Portuguese administration beyond 1997 would help them temporarily attract capital from Hong Kong investors anxious over the transition to Chinese rule, Portuguese sources said.

Despite being the first Western nation to send traders to Asia more than 400 years ago, Portugal lags far behind its European neighbours in trade and cultural links with China and other parts of Asia.

China has said that the "one country, two systems" formula which would allow Hong Kong to retain its capitalist way of life would be applied in Macao.

Portugal was also expected to request that talks be held alternately in Beijing and Lisbon as a reflection of the good relations between the two countries and the special nature of the Portuguese presence in Macao, a Portuguese source said.

Ji Pengfei Meets Portuguese

OW301422 Beijing XINHUA in English 1355 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) -- Ji Pengfei, state councillor and director of the Hong Kong and Macao Affairs Office under the State Council, today told the Portuguese Government delegation that the Macao issue was left over from history, and the two sides should adopt a forward-looking approach to it.

During a 30-minute meeting at the Diaoyutai State Guesthouse late this afternoon, Ji welcomed the Portuguese Government delegation led by Rui Medina with Portuguese Ambassador to China Octavio N. Valerio as adviser, which arrived June 27 for the first round of Sino-Portuguese talks on the issue of Macao. Ji said it was of vital importance for China and Portugal to settle the Macao issue, adding that Medina was carrying out an important mission.

When Ji and Medina walked out of the room at the end of the meeting, a Hong Kong reporter asked Ke Zaishuo, a member of the Chinese Government delegation, how the talks fared. Ke replied: "the atmosphere was friendly and harmonious." Later, Ji gave a banquet for the Portuguese delegation. The Chinese Government delegation headed by Vice-Foreign Minister Zhou Nan was present.

Joint Communique Issued

OW010821 Beijing XINHUA in English 0815 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- China and Portugal will hold the second round of talks in September 1986 in Beijing and the two sides were satisfied with the results of the first round of talks which ended here today. This was disclosed in a press communique issued here this afternoon.

The full text of the communique reads as follows:

The government delegation of the People's Republic of China and the government delegation of the Republic of Portugal held the first round of talks on the settlement of the Macao question on 30 June and 1 July 1986. The talks proceeded in a friendly and cordial atmosphere. In addition to reaching agreement on the general agenda of the talks, the two sides had an exchange of views on some matters of substance. The two sides expressed satisfaction on the results of the first round of talks and decided to hold the second round of talks in September 1986 in Beijing.

EC COMMISSION PRESIDENT ARRIVES IN BEIJING

OW010626 Beijing XINHUA in English 0613 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- Jacques Delors, president of the Commission of the European Communities, flew into Beijing at noon time today for a five-day official visit at the invitation of the Chinese Government. This is his first visit to China since he became the commission president in January 1985.

Accompanying him are Mme. Delors and Emile Noel, secretary-general of the commission. Among those who welcomed them at the airport was Wu Xueqian, state councillor and foreign minister, who is expected to hold talks with Delors this afternoon. Acting Premier Wan Li will give a banquet in his honor in the evening.

GORBACHEV ADDRESSES POLISH PARTY CONGRESS

OW301836 Beijing XINHUA in English 1532 GMT 30 Jun 86

[Text] Warsaw, June 30 (XINHUA) -- Soviet leader Mikhail Gorbachev today accused the United States of obstructing repeated Soviet disarmament proposals and showered praises on Polish leader Wojciech Jaruzelski for defending the cause of socialism in Poland during the Solidarity turmoil.

Gorbachev, who was addressing the 10th Congress of Poland's ruling United Workers' Party, said that despite recent Soviet and Warsaw Pact calls for East-West troop cuts in Europe and for conventional and nuclear arms limitation, "The cause of disarmament did not budge by even a single millimeter because of the American Administration's open obstruction." He added that worse still, U.S. President Ronald Reagan's recent threat to go beyond the limits of the SALT-2 strategic arms accord has "removed the final brakes" upon the arms race.

Gorbachev warned, "We shall mostly resolutely repulse the adventuristic, destructive actions of the United States. American imperialism must not be permitted to shape the destiny of the world as it sees fit."

He also said that other NATO countries, which claimed to have distanced themselves from the dangerous extremes of the U.S. policy, have ultimately bowed to the pressure from across the Atlantic and therefore share the responsibility for the intensification of the arms race.

Gorbachev declared that he stands for dialogue, "but this should be a dialogue in which both sides wish to achieve real results." "One should not allow the talks to be turned into a smokescreen covering up the arms race," he added.

The Soviet leader used the Polish party forum to urge the West to give serious consideration to the Soviet proposals on liquidating medium-range nuclear missiles and reducing conventional armaments. Only then will the possibility of substantially easing the tension on the continent arise, he noted.

In his 40-minute speech, Gorbachev gave a strong endorsement of the policies of the Polish leadership during the turbulent Solidarity period in the early 1980s. He said that Poland owes a lot to its outstanding leader Wojciech Jaruzelski for his energy, political insight and ability to find solutions to very complex problems and uphold firmly the cause of socialism.

Gorbachev said close cooperation and alliance between Poland and the Soviet Union are indispensable for the successful development of the two countries and for peace and stability in Europe.

GDR EDUCATION MINISTER HONECKER MEETS PRC LEADERS

Zhao Ziyang

OW271746 Beijing XINHUA in English 1543 GMT 27 Jun 86

[Text] Beijing, June 2 (XINHUA) -- Premier Zhao Ziyang said here today that China and the Democratic Republic of Germany should and could develop their friendship and co-operation.

In a meeting with Mrs. Margot Honecker, minister of national education of the German Democratic Republic, Zhao said both countries are making efforts to safeguard world peace, conduct socialist construction and improve living standards. "These common points can bring us together," Zhao said. "The strengthening of friendly co-operation between the two countries is in the interest of our two peoples, and is conducive to world peace."

He said China attaches great importance to its relations with Democratic Germany, and is pleased with the development of these relations in recent years. "We have studied and agreed with the recent assessment of bilateral relations made by Erich Honecker, general secretary of the Socialist Unity Party of Germany," Zhao said. The two countries could make use of much of each other's experiences in socialist construction. Both sides could develop co-operation not only in education but also in politics, economic matters, culture, science and technology. Democratic German comrades are welcome to visit China.

Zhao spoke highly of the achievements of Democratic Germany's education system from which China could learn a lot. He said China had made deviations in education, and now the whole nation has realized that education is a fundamental part of the modernization program.

Lessons drawn from the past would ensure that educational reform and development proceeded smoothly.

Mrs. Honecker said China and Democratic Germany have many things in common in socialist construction, and need a peaceful international environment in which to build. She said she hoped to see an all-round strengthening of co-operation between the two countries, and that China would find benefits in educational reform.

Zhao asked her to convey his best regards as well as those of other Chinese leaders to Erich Honecker, and Mrs. Honecker also conveyed General Secretary Honecker's regards to Chinese leaders. Present at the meeting was Vice-Minister of the State Education Commission He Dongchang.

Hu Yaobang, Hu Qili

OW301206 Beijing XINHUA in English 1157 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, met here today Margot Honecker, minister of national education of the German Democratic Republic. Hu exchanged views with Honecker on relations between the two countries and the two parties, and on some international issues. He said that China attaches great importance to developing relations with all countries in Europe. Hu expressed satisfaction with the development of relations between China and the German Democratic Republic in recent years, adding that he wished to further the bilateral relations of cooperation in various fields. Hu Qili, member of the Political Bureau and Secretariat of the Chinese Communist Party Central Committee, was present at the meeting.

Li Peng Hosts Dinner

OW281152 Beijing XINHUA in English 1136 GMT 28 Jun 86

[Text] Beijing, June 28 (XINHUA) -- Li Peng, Chinese vice-premier and minister in charge of the State Education Commission, met Margot Honecker, minister of national education of Democratic Germany and her party here today. Later Li gave a dinner in their honor at the State Guesthouse.

RENMIN RIBAO PUBLISHES HU YAOBANG SPEECH

HK011135 Beijing RENMIN RIBAO in Chinese 1 Jul 86 p 1

["On The Question of Correctly Handling Two Different Types of Contradictions Within the Communist Party" -- speech by Hu Yaobang, 9 April 1986; capitalized passages published in boldface]

[Text] A correct handling of the two different types of contradictions within the party is, in my view, a vital subject in party building.

We must not forget that at the peak of his theoretical work to develop Marxism, Comrade Mao Zedong wrote a brilliant theoretical essay -- "On Contradiction" -- which expounded on the fundamental method for understanding the world. He said that contradictions characterize the process of the development of all things, which develop by the movement of their internal contradictions. Nothing exists without contradictions. Our party has developed and advanced by resolving contradictions. If there were no contradictions in the party and no ideological struggles to resolve them, party life would come to an end.

Some of our comrades, especially some young comrades, are not always able to apply in practice this basic theory for understanding and transforming the world. They often fear contradictions consciously or unconsciously and try to avoid them or cover them up. Therefore, they often put themselves in a passive position and are at a loss what to do.

Comrade Mao Zedong in another theoretical essay in the 1950s put contradictions in socialist society into two categories. This was also a brilliant concept. But, first, although he dealt with the successful historical experience in resolving contradictions within the party by using correct methods, he failed to expound further on the contradictions within the party in new historical conditions; secondly, although he pointed out in his essay "On Contradiction", that a contradictions within the party were either antagonistic or non-antagonistic and stressed this repeatedly from that time on, in his later years he himself badly confused the two types of contradications, especially those differing in nature within the party, and put many things upside down; this led to his launching of "Cultural Revolution" that brought catastrophe to the party and the state and which could otherwise have been avoided.

Contradictions in the party in general must be treated carefully. They deserve especially careful treatment now when we are carrying out a series of reforms.

In line with Comrade Mao Zedong's lines of thinking and current practice, I think we can classify the many contradictions common within the party into two categories according to their content and manifestations: contradictions among different opinions regarding understanding and work, and contradictions between individual interests and those of the party and the people.

NOW FOR THE FIRST TYPE -- DIFFERENCES RELATED TO UNDERSTANDING AND WORK.

Revolutionary work is extremely arduous. By and large, contradications among different ideas and opinions are common and errors in work can hardly be avoided during the long process of struggle.

Building socialism is even more arduous because there is no successful experience for reference. Therefore our party must adopt correct principles and policies by pooling the wisdom of the whole party while responding to the contradictions arising from differences in understanding and work.

Unfortunately, Comrade Mao Zedong was not good at dealing with such contradictions within the party in his later years. As a result, an atmosphere was created of rejecting different views, and correct opinions that differed somewhat with his or on the contrary were even regarded as "right deviation", "following the capitalist road" or "anti-party".

After drawing serious lessons from this mistake, our party adopted an entirely different approach toward the treatment of different views that inevitably often appear in understanding and work. One, every major policy decision is made after a repeated exchange of views. Two, party members are allowed to air their opinions freely and criticize anyone at party meetings and this right is protected even if the opinions and criticism are wrong. Three, those who make this or that mistake in work provided they have done their best, are allowed to correct. And four, those who do not favor the principles and policies adopted by the CPC Central Committee but strive to carry them out in their work instead of violating them are allowed to keep their reservations.

Differing views about work and understanding within the party, generally speaking, are not antagonistic contradictions. Is it possible for these to become antagonistic contradictions? Of course, the possibility exists. This is possible when one not only has ideological reservations but in work also resists the principles and policies adopted by the party Central Committee, or when one spreads outside party organizations ideas and policies antagonistic to those of the party Central Committee. In so doing a person is violating organizational principles and the party discipline. Only under such circumstances should the contradiction be described as of an antagonistic nature and should the person face disciplinary actions or even be expelled from the party.

WHAT ABOUT THE OTHER TYPE OF CONTRADICTIONS WITHIN THE PARTY -- THOSE BETWEEN INDIVIDUAL INTERESTS AND THOSE OF THE PARTY AND THE PEOPLE?

We require that every party member unconditionally subordinate his or her personal interests to those of the party and the people. This is the fundamental line of demarcation between party members and non-party persons. When we say Communist Party members are the vanguard of the proletariat we mean that they always put the interests of the party and the people above their own at all times in all circumstances and also that they conscientiously and willingly sacrifice their personal interests to protect and bring about the interests of the party and the people if necessary.

This does not mean that party organizations should not be concerned with the individual interests of party members.

Whenever it is possible, the party organizations should look after the individual interests of party members and properly combine their personal interests of party members and properly combine their personal interests with those of the party and the people.

However, it is common to see more than a few party members, especially some party members who are cadres, unable to stand up to the tests.

Some party members pay no attention to the interests of the party and the people and some are apathetic toward the interests of the party and the people and preoccupied with their own interests.

There are even a number of party members who are extremely individualistic and place their personal interests above those of the party and the people. They even go so far as to violate the law and party discipline and abuse their authority to seek personal gain. This manifests a vile behavior at complete variance with the basic stand of a party member.

This type of contradiction, of course, also needs concrete analysis. Numerous ordinary contradictions are not antagonistic in nature and we must not mistake minor errors for major ones and occasional mistakes as incurable. But it must be clear that contradictions are antagonistic in nature between the party and those party members who seriously violate the law and party discipline, abuse their authority to seek selfish gain or advance the small-group interests of their own units or departments at the expense of the interests of the party and the people. This is the line of demarcation. Bearing this in mind, we can distinguish antagonistic contradictions from those arising from different views and mistakes in understanding and work.

In my opinion, the main problem in our party toward the second type of contradictions is that we do not understand it well and lack a clear-cut stand and resolute solution to contradictions of an antagonistic nature, even those that are acute, rather than overdoing things. This is a problem of softness, as Comrade Deng Xiaoping has pointed out. We must strive to overcome this weakness.

Departments under the party Central Committee should take the lead in solving this problem by seriously improving the political life of party organizations at all levels, putting democratic centralism on a sound basis, and strictly enforcing party discipline. To put it bluntly, there is not a healthy political life in some of our party organizations, including a number of party committees at high levels. Personal connections are rampant and the political atmosphere is poor. In other words, vulgarity more than political principle reigns.

Such antagonistic contradictions within the party are radically incompatible with the party's aim, organisational principles and discipline. Such people cannot remain in the party without correction. Those who break the laws of the land must be punished according to law. But while these contradictions are antagonistic they are not necessarily equal to the contradictions between ourselves and the enemy, nor need these people be our enemies on that score. This should be made clear.

Comrade Mao Zedong once called for our state to have "a political situation in which we have both centralism and democracy, both discipline and freedom, both unity of will and personal ease of mind and liveliness." However, such a situation had not been achieved for a long period because of errors in the past.

The situation has been basically changed since the 3d Plenary Session of the 11th Party Central Committee. But it is not easy to carry out fully, consolidate or develop. Overcoming the difficulties in the road ahead and bringing our great cause to victory is closely bound up with creating such a situation. We must strive to bring it into being.

The above is the second part [as published; no further indication given concerning "first part" or additional parts] of the main points of Comrade Hu Yaobang's speech at a work forum on rectification of party style.

RENMIN RIBAO EDITORIAL VIEWS PARTY ANNIVERSARY

OW302230 Beijing RENMIN RIBAO in Chinese 1 Jul 86 p 1

[Editorial: "Advance in the Course of Reform -- in Celebration of the 65h Founding Anniversary of the Communist Party of China"]

[Text] Today is the 65th founding anniversary of the Communist Party of China.

On this brilliant day, the more than 40 million party members, from the revolutionaries of the old generation who joined the party in the 1920's to the young comrades who took the oath under the party flag in the 1980's, all feel an upsurge of emotion in their hearts when reviewing the history of the party and looking into the future of the motherland. The 28 years of experience of blood and fire and 37 years of tests in storms and rains have irrefutably proven that the CPC deserves to be called a great Marxist revolutionary party and the core of leadership for the whole Chinese people.

In 1976 our leaders Mao Zedong, Zhou Enlai, and Zhu De passed away one after another. The hundreds of millions of people burned with anxiety, while foreign observers made speculations of one kind or another with regard to the future of the CPC and China. Under these circumstances, the CPC was not bogged down in chaos and did not collapse after these setbacks but, on the contrary, smashed in one blow the "gang of four" -- a gang that wrecked our country and ruined our people -- and ended a decade of internal turmoil. Shortly afterward, the 3d Plenary Session of the 11th CPC Central Committee was convened, giving rise to a change of vital historical importance. The Chinese nation thus entered a new historical period of vigorous development.

Why has our situation continued to improve year after year since the 3d Plenary Session of the 11th CPC Central Committee? There are many reasons, but the most fundamental one is that our party has resolutely shifted the focus of all its work from "taking class struggle as the key link" to economic construction and unswervingly led the reforms of the economic structure as well as in other fields. If it had only shifted the focus of work but failed to carry out reforms, done nothing to enliven the domestic economy and open to the outside world, and allowed all social and economic activities to remain on the old track of seclusion and ossification, could the situation of our country have developed so quickly and so well as it actually has done since the beginning of reforms? Obviously, the answer is negative. The tremendous achievements in rural reform have provided us with extremely valuable experience. The overall economic structural reform with emphasis on the urban economy will produce even more fruitful results, and these results will be a monument to China's reforms, which will draw worldwide attention.

At present, the situation of reform is very good. Last year the overall reform of the economic structure achieved initial success, bringing about the transition of our product economy to a socialist commodity economy. This year we have been doing the work of consolidation, assimilation, supplementation, and improvement with a view to putting the reforms we have previously made on a sound footing and laying the foundation and paving the way for our reform work in the future. Meanwhile, reforms in the fields of science and technology as well as education are being carried out in a down-to-earth way in line with the decisions of the central authorities. Reforms in the political and cultural fields have shown a new spectacular trend. With full confidence, our party is steering the boat of reform to brave the waves and sail toward the great goal of building socialism with Chinese characteristics.

Comrade Deng Xiaoping pointed out: "Reform is self-improvement of the socialist system. Within a certain scope, there are revolutionary changes in varying degrees." This is a scientific thesis. The on-going reform in all fields is not a revolution in which one class overthrows another. However, it is certainly not less profound, complex, or arduous than those in the past. Economically, in order to increase our productivity, we must continue to develop all types of ownership systems with the system of public ownership as the main one. We must further revitalize the enterprises and establish a market system while strengthening macrocontrol. Politically, we must not only reform resolutely parts of the leadership system and other political systems that are unsuited to the economic base but must also adhere to and improve the people's democratic dictatorship. Culturally, we must not only assimilate all the good points of foreign culture but must also resolutely resist corruption by decadent bourgeois ideas. In short, this is an extremely large and overall project involving all of society. Obviously, it is quite difficult to complete this project.

In order to do a still better job in shouldering the heavy tasks given us by history, we must further strengthen our party ideologically and organizationally and in work style.

Reform is not only a process of a new system replacing the old; it is often a confrontation between new and old ideas. Therefore, it is important to do away with outmoded concepts while fostering new concepts that are suited to the new situation. The decadent bourgeois ideoligies, the deep-rooted remnant feudalist ideas, and the concepts of small-scale production no longer play a leading role in our society. However, they still have their own market. Some people still have the habit of following the beaten path, and they are afraid of reform. All these should and can be overcome in the course of carrying out reform by implementing correct policies, broadening education, giving corect guidance, and conducting criticism and self-criticism. The CPC, which shoulders a tremendous responsibility in the new period, has demanded that all party members -- first of all cadres who are party members -- adhere to fostering lofty communist ideas and serving the people in the course of enthusiastically carrying out reform and construction; strive to transform their own subjective world while changing their objective world; resolutely combat all outmoded ideas and concepts that are not compatible with the requirements for carrying out reform; and boldly standing in the van of reform.

In order to healthily carry out reform, we must further rectify party style. Party style will determine whether the party will live or die, whether the nation will rise or fall, and whether the reform will succeed or fail.

While leading the people of the whole country in carrying out reform and developing the four modernizations program over the past few years, our party has conducted party rectification in stages and in groups; paid constant attention to party style; strengthened the development of spiritual civilization; and ensured that the nation forges ahead along a correct path in carrying out reforms and economic construction. After the convocation of the national party conference in September last year and the 8,000-strong rally held by the CPC Central Committee Secretariat in January this year, we have even more vigorously rectified our party style. A situation in which the whole party is paying attention to party style has already taken shape preliminarily. Several unhealthy trends have been basically reversed while major, important cases are under investigation. The leading organs and cadres at all levels have brought about remarkable changes in their thinking and work style. It is our firm belief that our fine party style, which has won ardent support from the people and greatly benefited reform and construction, will definitely be further developed if the whole party persistently and dauntlessly exerts itself.

In order to avoid detours in the course of reform and to triumphantly march forward, we must do a still better job in bringing inner-party democracy into full play and act according to the principle of democratic centralism. The fine situation in the party and in the country over the past few years is inseparable from the efforts made by our party in summing up its past lessons and strengthening democratic practices in the party and in society. In the course of reform, we are taking a path that no one has ever taken before. We are unable to find answers in a book; nor do we have any experience in this regard. In order to correctly understand this boundless realm of necessity step by step, we can only pool the wisdom of the masses. Actually, every important step that we have taken and every significant achievement that we have attained in reform constitute an embodiment of the wisdom and experience of all the party comrades and all the country's people. It can be said that currently, we must exert even greater efforts in giving full play to democracy inside and outside the party and implement the principle of democratic centralism as compared with the past. Our newspaper today has carried an important speech made by Comrade Hu Yaobang entitled "On the Issue of Correctly Handling the Two Different types of Contradictions Within the Party." This speech is of great significance in guiding us to further give full play to democracy, rectify party style, and strengthen party building. All party comrades, especially party cadres, should earnestly study this speech.

In recent years, our party has taken a broad and long-term view; actively and reliably reformed the cadre system; and further helped the leading bodies at all levels become more revolutionary, better educated, professionally more competent, and younger. Millions of cadres of the younger generation at all levels have closely cooperated and smoothly replaced cadres of the older generation. The structural changes of the leading bodies at all levels in age and educational background have created favorable conditions for ideologically and organizationally reforming our party leadership and eveloping the modernization program. The era of reform is one in which much can be accomplished. We hope that the broad masses of middle-aged and young cadres as well as the old cadres at various leading posts will even more closely unite as one and cooperate with each other; remain humble and prudent; guard against arrogance and rashness; always keep our revolutionary spirit young in promoting healthy trends, maintaining vigor and demonstrating the heroic mettle; and continuously make new contributions.

The country is carrying out reform which will benefit the people and their offspring. It is unrealistic to expect that we will carry out reform without encountering any resistance or experiencing any ups and downs. We naturally should concentrate our efforts and go all out in giving our guidance in order to avoid or make less detours. However, we must not recoil in fear because of this. It was not very easy for us to find the path that were taking today in building socialism in China. We have paid a tremendous price for it. No matter what kind of setbacks we meet, we must remain firm and unswerving. No matter what kind of difficulties we encounter, we can only forge ahead and not retreat. The history of our party in the past 65 years proves that victory forever belongs to those fighters who dauntlessly fight for the party's correct line.

This year is the first year of implementing the "Seventh 5-Year Plan." We have taken a new step forward in magnificently forging ahead to create a new situation in the development of the socialist modernization program in an overall manner. Let us even more closely unite as one under the leadership of the CPC Central Committee, persistently carry out and promote reform, and continuously add luster to our great CPC and our great socialist motherland by scoring new achievements.

VETERAN COMRADES GREET CPC FOUNDING ANNIVERSARY

OW301121 Beijing XINHUA Domestic in Chinese 1147 GMT 28 Jun 86

[Excerpt] Beijing, 28 Jun (XINHUA) -- On the eve of the 65th founding anniversary of the CPC, some veteran comrades sent messages to party organizations and members of organs directly under the CPC Central Committee, urging them to intensify party building and set a good example for the people throughout the country.

Comrade Deng Yingchao calls for "attaching great importance to and doing a good job in the work of party branches."

Comrade Wang Zhen urges "Communist Party members to play the exemplary vanguard role and party branches to become powerful fighting forces during the new historical period."

Comrade Song Renqiong calls on party branches and members to "set a good example for the people throughhout the country with noble mental outlook and fine work style."

Comrade Wang Shoudao hopes that 'in commemorating the party's birthday, all party branches and members will carry forward the party's traditions, rectify party work style, intensify party building, and enhance party unity in order to advance the party's cause."

Comrade Kang Keqing calls for "developing the party's fine tradition of seeking truth from facts."

SHANGHAI COMPANY SELLS FISH TO TAIWAN

HK300429 Beijing CHINA DAILY In English 30 Jun 86 p 2

[Text] China Foodstuff Import & Export Corporation Shanghai branch recently signed a contract with Hong Kong businessmen entrusted by Taiwan fisherman for purchase of 30 tons of fresh frozen butter-fish from the mainland. The Shanghai-based LIBERATION DAILY reported it is the first time Shanghai has done business with Taiwan. Five days after the agreement was signed, 23 tons were delivered and the contract was paid in full.

WANG BINQIAN REPORTS ON 1985 FINAL ACCOUNT

OW291101 Beijing XINHUA Domestic Service in Chinese 0740 GMT 28 Jun 86

[Text] Beijing, 28 Jun (XINHUA) -- Report on the 1985 state final account -- delivered by Wang Bingqian, state councillor and finance minister, at the 16th Session of the 6th NPC Standing Committee on 20 June

Committee members: At the Fourth Session of the Sixth NPC in March this year, I presented a "Report on the Implementation of the State Budget for 1985 and on the Draft State Budget for 1986." Now, the state final account for 1985 has been officially completed and, on behalf of the State Council, I herewith submit for your examination a report on the state final account for 1985.

Nineteen eighty-five was a year in which we achieved tremendous progress in socialist construction. Thanks to the concerted efforts of the people of all nationalities, progress in socialist modernization was accelerated in that year and noticeable progress was achieved in production, constitution, and reform. Along with the steady, balanced growth of the national economy, the state financial situation further improved, and both revenues and expenditures increased by a rather big margin over the previous year and achieved a balance.

According to the officially compiled state final account, state revenues in 1985 totaled 186.64 billion yuan, or 121.6 percent of the budgeted figure; state expenditures amounted to 184.478 billion yuan, or 117.9 percent of the budgeted figure. The balance showed a surplus of 2,162 million yuan. Compared against the estimated figures cited in the report to the Fourth Session of the Sixth NPC, it shows an increase of 1,229 million yuan in total revenues, and increase of 1,884 million yuan in total expenditures, and a decrease of 655 million yuan in the balance. The overall situation was good. Some explanations are in order here. The bulk of the surplus came from local authorities, and will be left to their discretion in accordance with state financial control regulations.

Of the revenues for 1985, domestic revenues totaled 183,716 million yuan, or 122.5 percent of the budgeted figure; foreign loans totaled 2,924 million yuan, or 83.5 percent of the budgeted figure. The major revenues were as follows.

1. Tax receipts amounted to 204,079 million yuan, or 125.8 percent of the budgeted figure. The tax receipt quotas were overfulfilled because of increased industrial and agricultural production, expanded commodity circulation, and improved tax collection work. Meanwhile, a large amount of consumer products was imported last year, and revenues from tariffs, imported product tax, and value-added tax increased accordingly.

2. Revenues of enterprises totaled 4,375 million yuan, or 102.1 percent of the budgeted figure. These were revenues turned in by enterprises which had not adopted the system of replacing profit deliveries with tax payments and by a small number of enterprises which practiced a system of assuming responsibility for their own profits.

3. Receipts from state treasury bonds totaled 6,061 million yuan, or 101 percent of the budgeted figure.

4. Funds collected for construction and key energy and transport projects came to 14,679 million yuan, or 122.3 of the budgeted figure. The surplus in this type of income was due to an increase in extabudgetary funds, which totaled 140 billion yuan last year, an increase of 22 percent over the previous year. The various localities, departments, and units actively turned in their contributions in accordance with regulations to support key state projects.

5. Subsidies for loss suffered by enterprises and for price increase came to 50,702 million yuan, exceeding the budgeted figure. These subsidies were deducted from the total state revenues. Last year's subsidies increased mainly because the state gave proportional subsidies in purchasing grain earlier than in previous years on a per house hold basis, and at a quickened pace. In addition, because of increased prices of some raw and other materials and poor enterprises management, quite a few industrial and commercial enterprises continued to suffer deficits. As a result, subsidies for enterprise deficits also increased.

China's state revenues in 1985 were good. This was the comprehensive result of the great development of China's industrial and agricultural production and the continuous expansion of China's domestic and foreign trade. In 1985, compared with the previous year, total output value of China's industry and agriculture increased 16.4 percent; total volume of commodity retail sales rose 27.5 percent, total volume of import and export trade increased 30 percent. As a result, national income in 1985 increased by 37.01 billion yuan, or 25.2 percent, over the previous year. Allowing for the increase of consumer goods imports and the rise in tariffs following the rapid growth of production in the first half of 1985, the actual increase was 16 percent. Of course, development of production and expansion of circulation do not necessarily mean increased revenues. In 1985, under the leadership of governments at all levels, financial and tax departments firmly grasped the work of collecting revenues. They examined all taxation, financial, and pricing work across the country and achieved very great results. Thanks to efforts made in these few years, China's state revenues have recorded 3 years of steady growth, and its financial situation has further improved. All this once again proves that economy is the foundation and fountainhead of finance. Only if the economy is developed and financial sources are expanded, with the necessary management and supervision, can we reliably ensure increased revenues.

The favorable situation in state revenues in 1985 was also the result of implementing the CPC Central Committee's principle's of invigorating the domestic economy and opening the country to the outside world and of steadily reforming and perfecting the financial and tax systems. Following the completion of the two-stage reform of state enterprises paying taxes instead of delivering profits to the state, we made reforms by perfecting the financial and tax systems.

In 1985, to meet the needs of readjusting the industrial structure and regulating income, the state started to levy some new taxes, reduced the regulatory tax rate for some large and medium-sized state enterprises, increased the depreciation rate for fixed assets, and adopted some measures which helped open the country to the outside world and encouraged technological development and progress.

In addition, to suit the new situation following the tax reform of replacing profit deliveries with tax payments, the state reformed the financial management system and instructed provinces, autonomous regions, and municipalities to "define diverse categories of taxes, and examine and approve revenues and expenditures, with the authorities at various levels each determining their respective responsibilities."

Practice shows that these reforms improved the distribution relationship between the state and enterprises and between the central authorities and local departments, developed the enthusiasm of all sides, and not only helped guarantee the steady increase of state revenues but also invigorated and spurred on enterprises and local departments. The effect was favorable. Take, for example, the profits retained by state enterprises after payment of taxes. Profits in 1985 were estimated at more than 46 billion yuan, an increase of over 10 billion yuan, or about 30 percent, over the previous year. The depreciation funds retained by enterprises in 1985 were estimated to reach 30 billion yuan, an increase of more than 5 billion yuan, or 23 percent, over the previous year.

Of the 1985 total state expenditures, disbursement of funds from domestic sources amounted to 181.554 billion yuan, equivalent to 118.7 percent of the budget. Appropriations for capital construction made from foreign loans totaled 2.924 billion yuan, or 83.5 percent of the budget. The essential breakdown of expenditures is as follows.

1. Appropriations for capital construction amounted to 58.38 billion yuan, or 120.7 percent of the budget. This expenditure exceeded the budget amount mainly because of a relatively big increase in the capital construction expenditure made from local contingency funds in various places. Another reason was that in implementing the budget, the state increased investments in energy, transport, and infrastructural projects to strengthen key construction work and meet the needs of opening to the outside world.

2. Funds expended to tape the potential of existing enterprises, finance their technological transformation, and subsidize the trial manufacture of new products totaled 10.342 billion yuan, or 196.6 percent of the budget. From 1983, basic depreciation funds for enterprises originally under the management of the central financial department have been transferred to the enterprises. Accordingly, the amount of funds appropriated by the Central Financial Department was reduced. In the actual implementation of the budget, however, all localities and departments increased expenditures to promote the enterprises' technological transformation and to enable them to make technological advance. This accounted for the rather large extrabudgetary expenditure.

3. Aid to rural production and various operating expenses for agriculture came to 10.104 billion, or 107.5 percent of the budget. One reason for this extrabudgetary expenditure was the increased spending for agriculture from contingency funds of the various localities. In addition, in implementing the budget, the Central Financial Department appropriated an additional operating expense for fighting disasters to those localities hit by heavy natural disasters last year.

4. Operating expenses for culture, education, science, and public health services totaled 31.67 billion yuan, or 108.1 percent of the budget. Compared with the preceding year, this represented an increase of 20.3 percent -- a rate which exceeded the growth of regular financial revenue and the growth of total financial expenditure. The large increase in these expenses was attributable mainly to the fact that, as a result of their increased revenue, all units from the central to the local level increased spending in these fields to accelerate the development of their cultural, educational, scientific, and public health services and adjust the wages of staffs and workers of these departments. Of course, our development of science, technology, and education is still insufficient to meet the needs of our country's modernization program. In the days to come, with the development of production and the growth of financial revenue, the state will continue to increase appropriations in these fields.

5. Expenditures for national defense accounted for 19.153 billion yuan, or 102.6 percent of the budgeted figure.

6. Administrative expenses amounted to 13.058 million yuan, or 109.7 percent of the budgeted figure and representing an increase of 4.3 percent over the previous year. Because of enhanced control and management, sharp increases in administrative expenses were brought under control. However, they still exceeded the budgeted figure by a rather large margin. In addition to increased expenditures for strengthening judicial and public security work, readjustment of workers' wages, increased living allowances for retired cadres, and addition of personnel, expenditures were due to lack of control over the size of administrative organs, inordinate increase of personnel, and expenses caused by irregularities.

Expenditures for 1985 were basically normal. In accordance with the needs of economic development and the increase of revenues, in that year, while strictly controlling nonproductive expenditures, we increased investment in energy and transport projects, wage and price systems reform funds, and operating expenses for culture, education, science, and public health services, thus ensuring the funds for key state projects, reform of the economic structure, and development of intellectual resources.

Total domestic expenditures in 1985 rose 30.395 million yuan, or 20.1 percent, over the previous year. Of this, allocations for domestic capital construction rose 10.044 million yuan over the previous year; and operating expenses for culture, education, science and public health services rose 5.353 million yuan. In addition, the state treasury also defrayed more than 7 billion yuan in subsidies for urban residents because of wage system reform of administrative and business units and readjustment of pork prices. These three categories were responsible for 22 billion yuan, or over 70 percent of the increase in expenditures.

Because of additional investments, the state's capital construction made new headway in 1985. A number of large coal mines, power stations, oil wells, construction material enterprises, and new railways were completed and put into operation, and many enterprises had their technology transformed. All this greatly helped strengthen weak links in our economy, and facilitate continuous production growth.

Cultural, educational, scientific, and public health projects also progressed rapidly in 1985. In that year, over 10,400 scientific and technological research projects in the country were commended by departments under the State Council, and by the people's governments of various provinces, autonomous regions, and municipalities directly under the central government. In 1985, the nation's ordinary institutes of higher education enrolled 619,000 new students, or 30 percent more than in 1984. New developments were observed in the fields of culture, education, television, radio, journalism, and publishing.

As a result of the restructuring of the wage system, carried out on the basis of the development of production, and thanks to states subsidies for commodity prices, the income of people living in cities and rural areas continued to grow in 1985. The average per capita income of urban residents in that year reached 752 yuan, while net per capita income of rural families reached 397 yuan. After adjustments for the rise of commodity prices, the actual income was respectively 10.6 and 8.4 percent higher than the previous year.

While the execution of the 1985 state budget was satisfactory, we must also be aware of the many real problems. The main problems are:

Certain factors causing economic instability -- such as excessive investment in fixed assets and excessive growth of consumption funds -- have not been totally eliminated; many enterprises still fail to fundamentally correct their poor management, substandard technology, and poor economic performance. All these problems either directly or indirectly affect the financial situation and will affect our future financial stability and budget balance.

Meanwhile, our financial work has also been affected by many problems. Revenue loss -- including losses of resources through seepage, evaporation, dripping, and leaks -- and spending wastes are still quite serious; we must attach great importance to these problems and take measures to deal with them.

Another problems is: As our financial situation improves and our life becomes easier, everyone wants to accomplish more work sooner, and this causes contradictions between supply and demand of capital, and our financial planning becomes even more difficult. Thus, as the situation becomes better, we must do our work more earnestly; and as our revenue increases, we must adhere more firmly to the principle of doing what we are capable of.

We must continue to analyze the new situation, learn from new experiences, and improve economic forecasts and achieve overall balance so that we will not lose control in some areas but will achieve even greater successes in our work.

Committee members, more than 5 months of 1986 have elapsed, and here I would like to give you a brief account of how the budget of the first 5 months of 1986 was executed.

The nation's current economic situation is favorable, and all production and construction projects, including the economic system restructuring project, are progressing. Generally speaking, the execution of this year's economic and social development plan has been normal, and so has the execution of the state budget. According to statistics, domestic revenues during the January-May period reached 73 billion yuan, or 35 percent of the budget, and domestic expenditures reached 70.3 billion yuan, or 32.7 percent of the budget. The accounts show a positive balance of 2.7 billion yuan.

To implement this year's state budget, balance revenues and expenditures, and ensure normal progress in restructuring the economic system, on the basis of the needs of current economic development and the way this year's budget plan has been executed, the State Council has urged all regions and departments to take measures to ensure revenues and strictly control expenditures. Last year we were able to balance revenues and expenditures; in the same way, we must guard against any deficits this year. We must realize that the job of balancing revenues and expenditures will be quite difficult because, during the second half of the year, there will be many projects which require large expenditures and bring in less revenues.

For this reason, we must do the following:

1. We must properly oranize the various production and circulation projects, make every effort to achieve higher ecoomic returns, cut losses, increase profits, intensify the supervision of taxation and financial management, and properly organize the task of collecting revenues to guarantee a steady growth in revenues.

2. We must strictly control and economize expenditures. We must economize and guard against any waste by avoiding spending for whatever is not absolutely essential. Budgeted investments for capital construction must be strictly controlled so that there will be no overspending. The state has already set the norms for administrative expenses and for institutional purchases, and all regions and departments must control their expenses according to the norms.

3. Central and local authorities alike must strictly control any additional expenditures. All regions must exercise control over the spending of last year's surpluses. Even if some localities' revenues may exceed their targets this year, they should still curtail or eliminate certain expenses so that surpluses may be used next year.

4. A system of responsibility in implementing the budget plan should be instituted and strictly followed. After their budgets are approved, all regions and departments must ensure that those budgets are implemented, make every effort to exceed the revenue target, and spend less than the targeted expenditures. While drawing up specific policies and measures, all regions and departments must consider their capabilities and guard against any measures that can reduce income and increase expenditure. Measures, after having been examined by a financial department, should be referred to the State Council and the local government for approval. Macroeconomic measures should be adopted to control the distribution of financial resources, to guard against a new decentralization of capital. To facilitate control of this year's expenditures to all regions, we will distribute the norms for controlling their expenses during the second half of 1986.

5. General taxation and financial inspection should continue. This work, which will begin during the fourth quarter of this year, will end by the Spring Festival next year. According to the current financial and economic situation, and according to the current financial and economic situation, and according to the forecast of development during the next several months, we think that it is possible for us to accomplish the state budget plan and achieve another balance of revenues and expenditures this year, provided we do a good job during the next several months. This means that we should make every effort to increase our reveneus, tighten expenditures, and guard against any uncontrolled spending.

CHANGING POLICY ON ADVANTAGES OF OVERSEAS RELATIONS

HK300905 Beijing RENMIN RIBAO in Chinese 24 Jun 86 p 2

[Article by Yang Zhengyan: "Overseas Relations Are a Good Thing"]

[Text] Not long ago, I had two interesting experiences.

The first was during the fourth session of the Sixth NPC, when I interviewed some returned Overseas Chinese deputies. One of them is a deputy who works with a research institute of a ministry in Shaanxi. He is a former Overseas Chinese returned from Britain, and is now a senior engineer and a party member. However, he did not dare admit that he is a returned Overseas Chinese. Last year, when his cousin returned to visit relatives, he did not dare to meet this cousin.

The second was in May this year. When I attended the Hebei Provincial Overseas Chinese Affairs Work Conference in Shijiazhuang. A comrade who is a functionary of a county People's Congress said in a group discussion that he felt reassured when he heard, for the first time, the remark that "personal overseas relations are a good thing."

These two events reflect two problems.

First, some people even now have misgivings about their personal "overseas relations," which were a terrible and disgusting thing in the past. People who had such "overseas relations" were bound to have bad luck.

Now, things have changed radically. People who have "overseas relations" can enjoy equal political treatment with other people and their livelihood is better ensured (certainly not in an illegal way). However, in real life, some people are still prejudiced against people who have "overseas relations" and consider such "overseas relations" to be a complicated thing. This prejudice is concretely reflected in the matter of redressing mishandled cases, and in placing political trust in intellectuals who are returned Overseas Chinese or relatives of Overseas Chinese, appointing them to responsible posts, and admitting them into the party. The residual influence of the "leftist" ideas causes some people, including some communist party members, to have misgivings about people's personal "overseas relations."

Second, we have not given sufficient publicity to the viewpoint that "overseas relations are a good thing." We seldom see newspapers and magazines carry articles advocating this viewpoint.

"Overseas relations" are in fact normal social connections of returned Overseas Chinese and relatives of Overseas Chinese, and the existence of such "overseas relations" is a natural phenomenon in social development. Along with the development of human society, people in various countries are bound to communicate with each other, and will never seclude themselves in a narrow corner of the world.

According to the accounts in our nation's chronicles, Chinese people began to emigrate to other countries as early as the Chin and Han Dynasties, and the number of emigrants increased gradually during and after the Tang Dynasty. More people emigrated after the Opium War. The reasons behind these emigrations were complicated. For example, under feudal rule, many peasants became impoverished and had no means of livelihood. So some of them had no choice but to leave their home villages and go abroad to seek a living. In other cases, some people were abducted and sold by colonialists to other countries as laborers. Some Overseas Chinese or their descendants were later naturalized and became citizens of the countries in which they lived.

According to rough statistics, there are now some 30 million Overseas Chinese and foreign citizens of Chinese origin in various countries of the world. Most of them are working people -- workers, peasants, small shopkeepers, and free lance professionals. Quite a few Overseas Chinese have become businessmen, bankers, industrialists or become professors, engineers, doctors, and lawyers. Some foreign citizens of Chinese origin have even become government officials.

The maintenance of extensive relations by the returned Overseas Chinese and relatives of Overseas Chinese with these people is certainly a good thing for our country rather than a bad thing. Comrade Deng Xiaoping once said: "Now we have too few rather than having too many overseas relations. Overseas relations are a good thing, which can help us expand relations in all fields." In the new historical period, "overseas relations" will function as an important channel for us to introduce funds, technologies, equipment, and talented manpower, and will also provide a favorable condition for us to solve the Taiwan issue and realize the reunification of the motherland.

Facts have also proved all this. Since the 3d Plenum of the 11th CPC Central Committee, under the guidance of the party's policy of opening up to the outside world and enlivening the domestic economy, a vast number of Overseas Chinese have actively supported the motherland's economic construction and the development of their home areas by means of making donations and investments. In particular, many home areas of Overseas Chinese have benefited from the assistance of their overseas kinfolks in the fields of funds, equipment, technology, information, and talented manpower, and have made marked changes and rapid economic development. People who have visited these Overseas Chinese home areas are all deeply impressed with the remarkable changes and development in those areas, and deeply feel that "overseas relations" are indeed an invaluable advantage.

From reports by foreign newspapers and journals, we know that the economies in the communities of Overseas Chinese or foreign citizens of Chinese origin have developed greatly since the end of World War II. At present, the assets owned by Overseas Chinese and foreign citizens of Chinese origin in all parts of the world total some $200 billion. Some Overseas Chinese capital has transcended national boundaries and become part of the world's international capital.

In the field of science and technology, many Overseas Chinese and foreign citizens of Chinese origin have become leading scientists and experts in all fields throughout the world. For example, one of the spacemen who worked on board the U.S. space shuttle "Challenger" is Dr Wang Ganjun, a Chinese American. Some foreign people have predicted that, just as in the 20th century, science and technology are dominated by Jewish people; so in the 21st century, science and technology will be the domain of Chinese people, or will be dominated by Chinese people. This shows that Chinese people are among the world's cleverest and most extraordinary people. This fact is a favorable factor for building our great socialist motherland. If we can make full use of this strength, we will become very powerful.

In addition, "overseas relations" have another major advantage. Many Overseas Chinese now have connections or relatives on both the mainland and Taiwan. If we make positive approaches to them, they will not only help us conduct economic construction, but will also help us properly solve the Taiwan issue and realize the reunification of the motherland. Facts show that as long as we adopt a correct policy and work in a correct way, "overseas relations" will help us build up relations in all fields and make breakthroughs in all aspects of our work.

Comrade Hu Yaobang once said: "The 30 million Overseas Chinese and foreign citizens of Chinese origin constitute a great force. If we approach these people correctly, they will become an important force for promoting our modernization process, realizing the reunification of the motherland, expanding the overseas influence of our country, and winning more foreign friends." Obviously, with so many relations living abroad and with such extensive "overseas relations," we indeed enjoy a great advantage. We are now undergoing a new historical period. We should have a strategic vision and foresight and should fully exploit this advantage in order to fulfill the party's three major tasks.

NATIONAL COAL CONFERENCE CONCLUDES 29 JUNE

OW290724 Beijing XINHUA in English 0649 GMT 29 Jun 86

[Text] Beijing, June 29 (XINHUA) -- China's coal exports for the first six months of the year are expected to reach five million tons, up 54 percent from the same 1985 period, according to government officials.

The officials said China plans to increase its coal exports by five million tons a year through 1990.

Overall exports for the 1986-1990 period should reach 100 million tons -- equal to all of the coal exported between 1949 and 1984, they told a coal conference that ended here Saturday. Those attending the conference agreed the China national coal import and export corporation will continue to control coal exports.

To keep coal exports expanding, the officials said, quality standards must be enforced through their responsibility system, which links workers' incomes to the quality and quantity of what they produce. To make sure export deliveries are prompt, the officials urged cooperation between mines and transportation and customs departments.

ZHAO ZIYANG STRESSES DEVELOPMENT OF COAL INDUSTRY

OW291355 Beijing XINHUA Domestic Service in Chinese 1515 GMT 28 Jun 86

[Text] Beijing, 28 Jun (XINHUA) -- At a recent State Council meeting, Premier Zhao Ziyang expressed his views on the development of the coal industry. He said: It is necessary to link China's rich coal resources with its abundant human resources in order to open up a new path in accelerating the pace in developing the coal industry.

Recently Premier Zhao Ziyang made a special trip to three major coalfields in Shanxi's Pingshuo, Shaanxi's Shenmu, and Nei Monggol's Jungar while on an inspection tour. After returning to Beijing, he held a meeting with the relevant departments to study the guidelines and strategic plans for the development of the coal industry.

Premier Zhao said: China's richest natural resource is coal. This is a resource in which our nation is superior. The several coalfields that I inspected this time have a tremendous amount of high-quality coal reserves. Especially the coal of the Shenmu coalfield is of low sulfuric content and high calorific capacity. The coal beds are not very deep under the ground, and coal mining by peasants can be relatively easy. It is indeed a coalfield richly endowed by nature. There are abundant human resources in the rural areas where these major coalfields are located. By making full use of the local manpower to tap the rich natural resources there, we will be able to meet not only domestic needs in the coal industry, but also help expand coal exports and make our coal prices more competitive on the world market. We should adopt measures during the Seventh and Eighth 5-Year Plan periods to give full play to this superiority. This will help develop the overall situtlon in economic construction.

Zhao Ziyang said: The key to bringing into full play China's superiority and to quickening the pace in developing China's coal industry is to solve the issue of mining and transporting coal.

Dwelling on the issue of coal mining, Zhao Ziyang said: In the past few years, we have found a way, that is, by relying on peasants for mining coal. In this way, we will be able to integrate our richest coal resources with our most abundant human resources. One form of integration is to encourage peasants to open mines by themselves. For example, various localities have been running township collieries. This form is more suitable for working on coal deposits which are not so deep. Another form of integration is to have the state run coal mines while hiring peasants to work in these coal mines on a rotation basis.

In this way, there will always be a reasonable organizational structure of coal miners in the coal mine, while the state may be able to save a large amount of investment money. This will also help peasants in these areas eliminate poverty and become well-to-do.

On the issue of transportation, Zhao Ziyang pointed out: The development of coal industry is, in the past analysis, an issue of transportation. Unless the issue of coal transportation is given serious consideration, it will be impossible to bring into full play our superiority in coal mining. In working out long-range plans, we must plan to build trunk rail lines for transporting coal. During the Seventh 5-Year Plan period, we must concentrate our efforts on completing a trunk rail line linking Datong with Qinhuangdao and at the same time pay attention to developing relevant feeder railways. Later we plan to build railway feeder lines and repair highways near the trunk rail lines to form a rational transportation network radiating in all directions. Our experience of the past few years show that the guideline that suits China's conditions best is to have the state build trunk rail lines, local authorities and enterprises build and comanage feeder railways, and the masses carry out coal mining. Naturally, the state must also develop some key collieries as the backbone of the coal industry. In addition to transporting coal out of the coal-producting areas, we must also consider the issue of making use of the coal locally. In order to promote the rational distribution of industry, we must build thermal power generating stations and develop steel, aluminum, and building material industries as well as chemical industries in close connection with the local coal industry.

Zhao Ziyang said: We must develop a system and carry out the necessary reform in coal mining, coal transportation, and the local use of coal. All departments and units must join efforts in running power stations and feeder railways. It is not good for one department or one unit to run a power station or railway line all by itself. The power generation department must encourage the various districts and units to generate power and expand the entire power industry. This is also true in developing railway transportation. The trunk rail lines should be built and managed by the Ministry of Railways, while local authorities, departments, and enterprises must be encouraged to invest in building and managing feeder or specialized railway through joint efforts. From now on, investments made by the coal department should be mainly used for coal mining. However, some of the investments can also be used for repairing railways and procuring coal for use in other localities. In developing the Shenmu coalfield, we may use the method of selling shares; we must arouse the enthusiasm of the local authorities and departments and of the peasants, and work out plans to promote coal mining, popularize technology, carry out personnel training, and do a good job in procuring, transporting, and exporting coal. In short, we muste adopt new methods and use new measures in enliven all sectors of the coal industry and quicken our pace in developing this industry.

RENMIN RIBAO URGES CRIMINALS TO TURN THEMSELVES IN

HK271407 Beijing RENMIN RIBAO in Chinese 26 Jun 86 p 1

[Commentator's article: "The Only Way Out for Criminals"]

[Text] Since the meeting held by central organs, which 8,000 people attended, a number of important cases have been handled according to law by central and local departments.

The struggle to crack down on serious economic crimes and other criminal offenses is being carried out in a practical and thorough manner. The solemn sentences, on one case after another, have increased the confidence of the masses of people in effecting a further turn for the better in party style and the general practice of society. They have also given a powerful shock to criminals in society who have not yet been caught.

There are two choices for criminals to make: They may turn themselves in and make a confession in order to receive lenient treatment, or they can put up a desperate struggle, thus becoming doubly guilty. They will then feel uneasy, day and night. No matter what they do, they will feel a sharp pain in their back. Many criminals and lawbreakers are seized with fear and suffer great pain.

China's "criminal law" stipulates: "Offenders who voluntarily surrender will be dealt with leniently. Those guilty of light offenses will be given light sentences or be exempted from punishment. Those guilty of more serious offense will also be given light sentences or exempted from punishment if they produce evidence of meritorious service." This has stated clearly how offenders who voluntarily surrender will be treated. However, some offenders still doubt if this provision is aplicable to them.

This paper carries a report today on Zhang Shixiong of the Guangzhou High Voltage Electrical Appliances Factory, whose embezzlement and bribery totalled more than 110,000 yuan, who voluntarily surrendered himself to the judicial department and produced evidence of meritorious service. Therefore, he was given a light sentence according to law of 3 years's imprisonment, with the sentence suspended for 5 years. The sum of Zhang Shixiong's embezzlement was particularly big and his case was particularly serious. If he had not voluntarily surrendered himself and if his crimes had been exposed by others, his fate would have been quite apparent.

Our laws are solemn and impartial and our judicial organs strictly enfore them. Severe or lenient treatment will be given according to law with meticulous care. That Zhang Shixiong has been given lenient punishment is clear. Of course, if anyone stubbornly takes the opposite path, he will not escape severe legal punishment.

At present, some criminals keenly regret their crimes but trust themselves to luck and remain undecided. We want to tell them: Regret alone is of no avail. Trying to get by under false pretences is a miscalculation. Justice has a long arm. The only way out is to act like Zhang Shixiong, surrender and confess, and strive to get lenient treatment. If they make things worse by repeated delays, it will be too late to repent when they are shown the handcuffs!

BO YIBO DISCUSSES PARTY RECTIFICATION, MEMBERSHIP

HK301214 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1503 GMT 29 Jun 86

["The CPC Has a Membership of Over 42 Million" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 29 Jun (ZHONGGUO XINWEN SHE) -- LIAOWANG issue No 26, which will be published tomorrow, carries the text of a speech by Bo Yibo, in which he says that the CPC now has a membership of over 42 million.

At the beginning of the Great Revolution (1924-1927), the CPC only had some 10,000 members. In the heyday of the Great Revolution, that is, when the Northern Expeditionary Army arrived in Wuhan, it only had a membership of 58,000. When the Great Revolution failed, its membership shrunk to only 10,000. In the initial period of the war of resistance against Japan, the CPC only had 40,000 members, and during the Yanan Rectification of 1942, it only had several hundred thousand members.

Bo Yibo, executive vice chairman of the Central Commission for Guiding Party Rectification, held that the principal aspect of the contingent of party members is good but the quality of some party members is not good.

Bo Yibo said: Before the founding of the PRC, CPC members were few in number but highly competent. Under very difficult conditions they struggled in the war of resistance against Japan, for the revolution, and for the ideal of communism. With the exception of a handful of bad people and special agents who penetrated the party, most of the them were core members who survived the "sieve" of revolutionary wars. Now that conditions have changed and the CPC has changed its status and become the party in power, party members have power in their hands. It is precisely with the aim of obtaining this power to acquire personal gain that some people have penetrated into the party. Changes have also taken place in the ideas of some old party members so that they have also taken advantage of their positions to seek personal gain.

Bo Yibo held: The party rectification, which has been going on for over 2 years, has achieved some success. Notable progress has been made in reaching a common understanding, rectifying party work style, strengthening discipline, and purifying the party organization.

With regard to current party rectification, Bo Yibo stressed the need to boldly tackle difficult problems. He said: Under various difficult conditions and in various complex environments, Communist Party members should be bold in upholding principles and struggling for the truth. As far as we are concerned, we should be bold in tackling various "networks of relationships," factionalism, and those violators of law and discipline who hold varying degrees of power in their hands. If we dare not do so, we shall not be able to rectify the party and party work style. The present conditions are that it is relatively difficult to investigate and handle major cases. It is absolutely necessary to change this state of affairs. If we fail to do so, where is the party's sense of principle? How can we safeguard party discipline?

COMMENTARY ADVISES COMPANIES TO INITIATE REFORM

OW291155 Beijing XINHUA Domestic Service in Chinese 1034 GMT 27 Jun 86

[Text] Beijing, 27 Jun (XINHUA) -- Commentator's article: Administrative Companies Should Take the Initiative To Change Practices

Those companies which manage enterprises by administrative means have encountered the following challenge brought about by the thriving development of lateral economic associations: Should they continue the old management practices within the orbit of the old system characterized by barriers between departments and regions, or should they consciously take the initiative to transform themselves in order to meet the needs of the new situation? Inevitably, each of these administrative companies has to make its own choice.

The moves made by the Chongging Furniture Company on this matter has been positive. In order to meet the needs of reform, it has duly changed from an administrative company into an enterprise entity engaged in production, management, and services. In other words, it has changed from being a "mother-in-law" of enterprises to being a "partner" serving them. Now the relationship between this company and its enterprises, which was established on the basis of economic benefit, has become an interdependent one. This relationship is so close that they are bound together and share weal and woe with each other. The path taken by the Chongging Furniture Company is very significant, for it provides a useful experience for some administrative companies to carry out further reform.

It is obvious that reform of some administrative organizations is inevitable in the course of the in-depth development of China's economic structural reform. It is understandable that some administrative companies have been ideologically unprepared for the impact brought about by the practice of lateral association. However, they should catch up with others by intensively studying and absorbing the good experiences of other areas. Otherwise, they will become more and more passive. As the saying "the old is always superseded by the new" goes, those personnel of administrative organizations who failed to meet the needs of the new system should make great efforts, in terms of both thinking and action, to conform to the trend of reform during the transition from an old economic system to a new one. Only in this way can they continually make new contributions to reform.

We are convinced that before long a great number of companies like the Chongging Furniture Company will emerge in all localities to meet the needs of the development of lateral enonomic associations.

WU LI, HU QILI ATTEND MODEL PARTY MEMBERS MEETING

OW291326 Beijing XINHUA Domestic Service in Chinese 1503 GMT 28 Jun 86

[By RENMIN RIBAO reporter Yin Pinduan, JINGJI RIBAO reporter Wang Pei, and XINHUA reporter Zou Aiguo]

[Text] Beijing, 28 Jun (XINHUA) -- The party committee of the institutions under the CPC Central Committee and government convened a "1 July" report meeting on the deeds of model communist party members at Zhongnanhai on the morning of 28 June. Prior to the meeting, Comrades Wan Li, Hu Qili, Tian Jiyun, Wang Zhaoguo, and Bo Yibo received the 10 members of the report group. They encouraged them to struggle for communist ideals with one heart and one mind and dedicate themselves to rejuvenating the Chinese nation and to undertake great reform.

At the reception, Wan Li said: Our country is undergoing a great and profound reform. This is a revolution. The new historical period sets forth new demands for Communist Party members. Party member and cadres of government organs should adapt and serve the new situation of reform, opening to the outside world, and enlivening the economy; carry out the great plan; and take the lead in executing this revolution well. The purpose of our party and government is to serve the people. Party members and cadres of our government organs must play an exemplary role in abiding by the law and discipline, in performing their official duties honestly, and in being devoted to their duty. They must dare to confront the tough with strength; have the courage to overcome bureaucracy; work hard to improve work efficiency; constantly improve their political, educational and scientific and technical levels; become new persons with high ideals, moral integrity, general education, and a sense of discipline; and serve the people wholeheartedly.

At the reception, Bo Yibo urged them to keep the honorable title of model party members all of their life. He said: It is not difficult to do one or two good things, but to do it all in one's life is not so easy. We Communist Party members must perform good deeds for the people all of our lives. To achieve this, we must study Marixm, Mao Zedong Thought, and the line, principles, and policies adopted by the party since the 3d Plenary Session of the 11th CPC Central Committee; and study and temper ourselves in pratice and among the people. Only thus can we make new progress under the situation of reform, opening up, and enlivening. Communist Party members must combine principle with flexibility, and theory with practice; that is, figuratively speaking, like thefirm and indomitable pines, we must never waver under any situation and, at the same time, we must also be like the willow, which grows wherever it is planted. We must take root deep among the masses. Every party member must demand this of himself.

Hu Qili said: To build our nation into a highly civilized and democratic socialist country, we must implement all-round reforms and proceed from our national conditions to explore our own way. This is tremendous task requiring half of century of hard work, as well as a huge undertaking that will change the fate of one-fourth of the world's population. It is a profound revolution. We communists must struggle to achieve this goal. Party members and cadres of central government organs must work hard to ovecome bureaucracy, improve work efficiency, and play an exemplary role in all aspects. This is a question of vital importance, as well as an important part of the reform efforts. We work in different posts, but our goal is identical -- to rejuvenate the Chinese nation and defend world peace. We must work with one heart and one mind and dedicate ourselves to rejuvenating the Chinese nation.

Tian Jiyun said: It is necessary to learn from you comrades. It is hoped that you will continue to exert yourselves, advance forward ceaselessly, and work hard to rejuvenate the Chinese nation.

After the reception, the report meeting on the deeds of model Communist Party members was held. Five fine communist members spoke at the meeting. They were Pan Fulan, senior engineer at No 5 Designing Institute under the Ministry of Ordnance Industry: Zhang Youmin, head of the Financial Bureau of the Ministry of Railways; Chen Xiukang, engineer at the No 403 warehouse of the Ministry of Aviation Industry; Xu Haifeng, an athlete on the national shooting team; and Huang Ronghui, director of the No 5 Atmospheric Physics Instiute under the Academy of Sciences of China.

Zhang Jingyaun, deputy secretary of the party committee of the institutions under the CPC Central Committee and government, spoke. He urged all party members in the central organs, especially those party members who are leading cadres, to take exemplary persons as their model and emulate their spirit of performing official duties honestly, implementing reform, bringing forth new ideas, struggling tenaciously, and dedicating themselves to make contributions to bring about marked improvements in party style and ensuring the smooth progress of reform.

CHENG ZIHUA, OTHERS COMMEND OUTSTANDING COMMUNISTS

OW291312 Beijing XINHUA Domestic Service in Chinese 1351 GMT 23 Jun 86

[By reporter Xu Xinhua]

[Excerpts] Beijing, 28 Jun (XINHUA) -- The CPC Committee of Organs directly under the CPC Central Committee called a meeting at Zhongnanhai this morning to commend advanced party branches and outstanding communists of the organs. The title of "Advanced Party Branch of Organ Directly Under the CPC Central Committee" was conferred on 20 advanced party branches, and "Outstanding Communist of Organ Directly Under the CPC Central Committee" on 156 party members.

Prior to the commendation meeting, Comrades Hu Qili, Qiao Shi, Wang Zhaoguo, Bo Yibo, Song Renqiong, and Wang Hashou had a cordial meeting with representatives of the advanced party branches and the outstanding communists. After extending warm congratulations to them, the leaders posed for pictures with them.

Liu Huafeng, secretary of the CPC committee of Organs Directly Under the CPC Central Committee, presided over the meeting. Qiao Qing, Standing Committee member of the party committee, read its decision to commend the advanced party branches and outstanding communists.

Amidst spirited music, Cheng Zihua, Standing Committee member of the Central Advisory Commission; other members of the commission; and leader of the party committee presented banners and certificates to the advanced party branches and outstanding communists.

Zhao Zongnai, permanent deputy secretary of the party committee, delivered a speech at the meeting, entitled "Inherit and Carry Forward the Party's Fine Tradition, Build a Contingent of Party Members With Strong Party Spirit and Good Work Style."

Zhao Zongnai said: Currently our party is concentrating efforts on the unprecedented great undertaking of building socialism with Chinese characteristics. In order to accomplish the general task and objective set up by the party for the new period, we must rely on the enthusiasm and creativity of the hundreds of millions of masses and the fighting spirit displayed by party organizations at all levels and all party members during the years of war in mobilizing and organizing the masses to score new achievements.

He said: The tasks for organs directly under the CPC Central Committee during the new historical period are to uphold the four cardinal principles, assist and advise the CPC Central Committee in carrying out the reform and modernization drive, and effectively promote the building of socialist material and spiritual civilization. The CPC Central Committee has set high demands on our work, and Comrade Hu Yaobang has urged us to set a good example for the people throughout the country with our noble mental outlook and fine work style.

Zhao Zongnai reviewed the efforts by the organs in serving the central authorities, as well as the grass roots, in carrying out the reform and modernization drive in recent years.

Zhao Zongnan called on all levels of party organizations of organs under the CPC Central Committee and all party members to play an exemplary role in doing a good job in the work of all fields of the central authorities, and heighten the spirit to make their share of contribution to the reform and modernization drive.

Attending the meeting were leading comrades of organs under the CPC Central Committee and representatives of party branches and members, totalling some 1,200.

517 KILLED, 16,300 INJURED FROM MAY, JUNE STORMS

HK300657 Beijing CHINA DAILY in English 30 Jun 86 p 1

[By Liu Dizhong]

[Text] The State has allocated another 50 million yuan to help the victims of storms which lashed a dozen provinces during the past two months. The relief funds earmarked by the central government so far this year total nearly 600 million yuan, more than 60 percent of the planned 1986 figure.

Earlier in the year most areas of the country were suffering severe drought, with more than 16.6 million hectares of farmland affected. The rains in mid-May and June eased the problem in many provinces. But the strong winds, torrential rains and hailstorms wrought havoc in 13 provinces and autonomous regions -- Jiangxi, Hunan, Guangxi, Zhejiang, Sichuan, Yunnan, Guizhou, Hubei, Guangdong, Shandong, Shanxi, Anhui and Shaanxi.

The disasters claimed 517 lives, injured more than 16,300 people, destroyed 300,000 homes and damaged 1.5 million hectares of farmland, a senior official of the Ministry of Civic Affairs told CHINA DAILY yesterday.

Sichuan, Jiangxi, Hunan and Guangxi were among the worst hit. Between late April and late may, Sichuan was hit three times by tornados, rain and hailstorms which swept 61 counties and prefectures. In some places the wind reached force 12 and the rainfall in four hours totalled 143 millimetres.

The State has given 20 million yuan in relief to Sichuan alone in the past two months, the official said.

In addition to the relief funds offered by the State, provincial governments allocated large quantities of cement, timber, steel, fertilizer and other emergency materials as well as financial aid to help people rebuild their homes and start work again.

The official said the Army also played "an admirable role" in relief work. More than 4,000 soldiers rushed to Chongqing City in Sichuan Province when it was hit by tornados and hailstorms. They helped transport 3.2 million tons of relief food and emergency materials.

The disaster areas, he said, were now "in good social order" and reconstruction was "in full swing."

Despite the adverse weather, China's summer grain harvest is forcast to exceed last year's, the second highest since 1949.

LI PENG ADDRESSES TECHNOLOGY APPLICATION CONFERENCE

OW291406 Beijing XINHUA in English 1354 GMT 29 Jun 86

[Text] Beijing, June 29 (XINHUA) -- China will use electronic technology to transform its traditional industries in the next few years, Vice-Premier Li Peng said here today.

The machine-building industry should take the lead in this effort so as to improve the quality of its products and reduce the consumption of energy and raw materials, he suggested. At the same time, Li said, the electronics industry should step up its development to meet the growing need of all economic sectors for electronic products and new technology.

The vice-premier made a policy speech on how to develop electronic technology, with emphasis on the use of computers, at a national computer application meeting which closed here this afternoon.

The country now has 7,000 mainframe computers and 130,000 microcomputers and more than 20,000 research and development projects have been computerized. Computer application has already made remarkable economic and social results in China, the vice-premier said. In order to spread computer science, he said, attention should be given to software development and personnel training.

Since China is the world's leader in designing Chinese-character software which is also the key to popularize computers in the country, Li said, scientists should try their best to perfect such systems and develop more high-efficiency Chinese-character software.

During the six-day meeting, several hundred scientists discussed concrete measures for the application of computers in the next five years.

Urges Advanced Technology

OW302352 Beijing XINHUA Domestic Service in Chinese 1309 GMT 29 Jun 86

[By reporter Wu Jincai]

[Excerpts] Beijing, 29 Jun (XINHUA) -- The National Computer Application Conference closed in Beijing today. Addressing the conference, Li Peng, member of the Political Bureau of the CPC Central Committee, vice premier, and head of the State Council's Leading Group for Development of Electronics Industry, pointed out: China, in order to forge ahead toward advanced technology, should pay great attention to equipping its traditional industries with electronic technology.

Li Peng noted: When viewing the relationship between the traditional and newly emerging industries, we should pay attention to the following aspects: Fist, the traditional industries are still the essence of the national economy as well as the main force in creating material wealth; second, the traditional industries should transform themselves with new technologies represented by electronic technology in order to attain technological progress and to increase productivity; third, the application of electronic technology in transforming traditional industries will, at the same time, be able to open up a vast market for the development of new technologies; and fourth, China should develop its new technologies at a faster pace.

Li Peng pointed out: Among the traditional industries, the machinebuilding industry is an important department of the national economy. Therefore, it is essential to apply electronic technology first to this industry and especially to develop a new generation of integrated machinery and electrical products in order to push forward renewal of machinery products.

Li Peng said: The application of computers has initially started in China. In the course of serving the development of the national economy and that of the society, it has obtained some notable economic and social benefits for them, and therefore has received greater attention. He suggested: From now on we should accelerate the popularization and application of computers with focus on continuously raising economic results and social benefits. In doing this, we should move from single-unit application to developing systems and networks, from single-unit and single-item control to developing automatic control of the whole process of production, from single-item management to developing comprehensive management, and from typical application to developing the application in the whole trade.

Li Peng pointed out: Application of computers in China should fit the national conditions, produce good results, and develop from a low level to a high level. China has a weak foundation in this field. Besides it is short of funds. Therefore, the development and construction of information systems must be undertaken in stages and and in batches on the basis of priority, under guidance, and in a planned way. First of all, consideration should be given to the construction of information systems in departments and localities where the work load is greater, the economic results are more salient, and the demand is more urgent. In the application of joint computer networks, China should fully tap the potential of telecommunication networks through comprehensive utilization of the basis of posts and telecommunications networks. High standards should not be pursued blindly in the construction of specialized systems. Instead, these systems should be practical, money-saving, efficient, and effective.

Li Peng also said: China's vigorous popularization and application of electronic technology should be based on its domestic products. While developing electronics and information industries, we should also insist on carrying out reform of the management structure, increasing the decision-making power of enterprises, enhancing administration of the trade, and developing lateral economic association.

Presiding over today's meeting and delivering a summing-up speech was Song Jian, state councillor, minister of the State Scientific and Technological Commission, and deputy head of the State Council's Leading Group for Development of the Electronics Industry.

STATE COUNCIL ON COLLECTIVE PROPERTY TRANSFER

OW300218 Beijing XINHUA Domestic Service in Chinese 1205 GMT 28 Jun 86

[Text] Beijing, 28 Jun (XINHUA) -- On 20 June, the State Council transmitted the "Report on Stopping Noncompensatory Transfer of Property of the Second Light Industry's Collective Enterprises and Establishments" prepared by the Ministry of Light Industry and the All-Chinese Federation of Handicraft Cooperatives. In a notice, the State Council also urged all regions and departments to follow the instructions set forth in the report.

The notice says: The CPC Central Committee and the Senate Council have time and again reiterated in recent years that the legitimate rights and interests of collective economic units must be protected and that no organization or individual is allowed to misappropriate or destroy collective property by any means.

However, certain local authorities and departments have disobeyed party and state policies and transferred without compensation property of the second light industry's enterprises, thus affecting the development of the collective economy. All regions and departments must seriously examine their problems regarding noncompensatory transfer of property belonging to the second light industry's enterprises and correct these problems with resolute measures.

According to the report prepared by the Ministry of Light Industry and the All-China Federation of Handicraft Cooperatives, certain local authorities and departments, taking advantage of their authority, have continued to transfer -- without compensation -- property, capital, and labor as well as other materials and equipment belonging to the second light industry's collective enterprises and establishments; they have misappropriated the collective funds of various cooperative federations and misused facilities of collective enterprises and establishments built with collective funds. According to incomplete statistics, over 314 million yuan of collective property belonging to the second light industry's collective enterprises and establishments in 11 provinces, autonomous regions, and municipalities directly under the central government -- namely, Guangxi, Liaoning, Anhui, Gansu, Shaanxi, Jiangsu, Jiangxi, Yunnan, Hunan, Shanxi, and Tianjin -- were transferred or misappropriated from 1981 through 1985, thus seriously affecting the development of the collective economy.

The report notes: China's collective economic units of the second light industry are set up primarily by collective enterprises organized by higher cooperative federations on the basis of cooperation and mutual support. Many enterprises, after developing with assistance from cooperative federations and other collective enterprises, have reciprocated by returning help to other collective enterprises. If the profit-making mainstay enterprises are transferred without compensation, thus taking away investments by cooperative federations, these enterprises' subordinate relations and financial ties would be altered even though they would still be collectively owned in name. This certainly will hurt the interests of other collective enterprises of cooperative federations and weaken the second industry's collective economy. For this reason, the report urges all regions and departments to do the following:

1. Seriously examine the second light industry's collective enterprises and establishments where noncompensatory transfers have taken place, as well as the collective property belonging to cooperative federations; then, verify the facts, return property, and redress any losses. All noncompensatory transfers that have taken place in various localities after the promulgation of the relevant documents by the CPC Central Committee and the State Council in 1981 must be resolutely returned and redressed.

2. In the course of economic reorganization, management specialization, and establishing joint operations, we should uphold the principles that ownership, subordinate relations, and financial ties of second light industry's collective enterprises will remain unchanged. If the transfer red collective enterprises cannot be returned because of special reasons, they should be changed into joint ventures so that collective interests will be safeguarded.

The report also put forward solutions to such problems as collecting funds and management fees from collective enterprises and the misuse of school buildings for training handicraft industry's management personnel as well as other institutes and schools of the second light industry.

JINGJI RIBAO ON USING FOREIGN FUNDS IN POWER INDUSTRY

HK300525 Beijing JINGJI RIBAO in Chinese 22 Jun 86 p 1

[Report by Dong Yulin: "China Makes Gratifying Progress in Using Foreign Funds To Run the Power Industry"]

[Text] In the 6 months from August last year to March this year, the Huaneng International Power Development Corporation, a Chinese-foreign joint-venture enterprise using foreign funds to run power industries, formally signed successive agreements with American, Japanese, and French companies on supplying equipment with a total installation capacity of 2.9 million kilowatt-hours to five power plants in Shijiazhuang, Nantong, Dalian, Fuzhou, and Shantou. These high-speed negotiations created a precedent in China's efforts to import large power plant projects. Now the corporation has started importing the second batch of equipment projects with a total installation capacity of 3.3 million kilowatt-hours, most of which will be installed in the Shitongkuo Power Plant in Shanghai, the Dezhou power plant in Shandong, the Yueyang power plant in Hunan, and the Luohuang Power Station in Chongqing, Sichuan.

The Huaneng Corporation is a joint-venture enterprise operated by the Huaneng Fine Coal Company, the People's Construction Bank of China, the China Water Resources and Electric Power External Company, Hong Kong-China Construction Investment Ltd, and the Hong Kong China Resources (Holdings) Ltd. During China's Seventh 5-Year Plan period, it will undertake the task of using foreign funds to import and commission generating units with a total capacity of more than 5 million kilowatt-hours or about one sixth of China's planned total electric energy production in the same period.

To fulfill the task of using foreign funds to run power industries on schedule and to ensure quality and quantity, instead of sending delegations abroad for inspections before importing large projects as it did in the past, the Huaneng corporation has now adopted the method of temporarily transferring specialists in various fields from other parts of the country on a compensation basis, making full use of data accumulated domestically, and assimilating experience in importing equipment of the same type. This has cut down the time used on holding business talks and signing agreements with foreign countries by 1 year when compared with past practices.

Formerly, when holding talks on importing large projects, the corporation would ask several departments to separately complete the aspects concerning technology, prices, and loans; now it has closely coordinated technical and business talks, making an overall appraisal of technical functions, prices, loan terms, goods delivery, 2 way trade, and service conditions. While using foreign funds to import power generating equipment from abroad, the corporation stressed expanding the export of China's commodities through 2-way trade and by supporting exports with imports.

PROGRESS MADE IN REORGANIZING PLA ACADEMIES

OW281214 Beijing XINHUA Domestic Service in Chinese 0139 GMT 28 Jun 86

[By reporter Xu Jingyue and correspondent Han Zhijun]

[Text] Beijing, 28 Jun (XINHUA) -- The reduction-in-strength reorganization of PLA academies and schools is progressing smoothly. It is reported that the Central Military Commission and the PLA Headquarters will use a certain amount of manpower, funds, and material resources to build up some academies and schools for training key personnel.

According to a plan previously laid out, reorganization of military academies and schools is an important part of the reduction-in-strength reorganization to be carried out by the PLA this year. The system of military academies and schools has now been readjusted on the basis of a decision made by the Central Military Commission. This includes closing and merging some of the military academies and schools and making their personnel smaller in number but better in quality. Now the number of the academies and schools in the whole Army has been reduced by 12 percent, and their personnel cut by more than 20 percent. The PLA's educational system is now more suited to training qualified PLA personnel for the period of peaceful construction.

After reduction-in-strength reorganization, commander-training academies and schools of the Armed Forces have been included in a 3-level training system devised for training commanding officers at the primary, middle, and high level. Under this system, primary commander-training academies and schools training primary-level commanders for various PLA branches and services equivalent to the three tiers of education of secondary specialized schools, specialized colleges, and regular universities. The main task of middle commander-training academies and schools is to train commanders for combined arms units. The highest educational institution in the whole Army is National Defense University.

After readjustment, there are several dozen specialized technical academies and schools in the Army. Some of them are new-type academies and schools that were newly founded or rebuilt. The specialized technical academies and schools have a 2-level training system for bringing up technical officers at the middle and high levels. There are five tiers of training: Secondary specialized training, training equivalent to specialized colleges, training equivalent to regular universities, training for graduate students for master's degree, and training for graduate students for doctorate. Each year the academies and schools will train these five kinds of technical officers according to a definite ratio.

WANG HAI ON STRUCTURAL REFORM OF AIR FORCE

HK270745 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1302 GMT 26 Jun 86

[Text] Beijing, 26 Jun (ZHONGGUO XINWEN SHE) -- China's Air Force Commander Wang Hai said here today that, in line with the instructions of the CPC Central Committee and the Central Military Commission, the Air Force is smoothly carrying out structural reform, streamlining, and reorganization and is making great efforts to become a revolutionary, modern, and regularized Air Force.

At a forum marking the 40th anniversary of the insurrection of the Liu Shanben flight crew, Wang Hai said: The Air Force has elimianted a number of obsolete aircraft and replaced them with new ones. At the same time, it has stepped up the development of modern technology and equipment. In an effort to improve the quality of pilots, the Air Force has conducted three reforms, instituting a pilot grade system, restoring the practice of issuing flight allowances, and determining the maximum age for pilots. To speed up the renewal of knowledge, particularly the mastery of modern knowledge by pilots, it has stepped up the scientific and cultural education of pilots by numerous means. In order to enhance the combat effectiveness of Army units, particulrly their capability for combined warfare, the Air Force has intensively and rigidly stepped up the combined training of various aircraft types, as well as combined training with ground combat troops. The ground combat command system is also intensively strengthening itself. He said: Through structural reform, streamlining, and reorganization and with the improvement of technology and equipment, the enhancement of the pilots' military capability and political consciousness, and the intensive building of the ground command safeguard system, the combat effectiveness of China's Air Force has been enhanced considerably.

DEFENSE INDUSTRY TO HOLD INTERNATIONAL FAIR

OW281745 Beijing XINHUA in English 1545 GMT 28 Jun 86

[Text] Beijing, June 28 (XINHUA) -- China's Ordnance Industry Ministry will hold its first international fair to exchange technology and products for civilian use from July 1 to 10 in Beijing, it was announced today.

The ministry began making non-military products in the early 1980s. Its output value of products for civilian use has quadrupled over the past five years. An official of the ministry told a press conference here that the fair was aimed at introducing more advanced world technology to upgrade its civilian role.

The ministry was negotiating with companies from the Federal Republic of Germany, Japan and the United States on the import of technology and production lines involved in machine-building, photoelectricity and chemicals. It was also considering raising funds itself to import technology for producing eight-ton to 20-ton heavy trucks from the Daimler-Benz Company of Federal Germany, and to import all the techniques needed to produce luxury coaches from another German company.

In addition, it would import production lines and techniques for manufacturing plastics, paints and other chemical products, the official said. While serving other sectors of the domestic economy, the ministry was also striving to enhance the competitiveness of its export goods in civilian use. Its target between 1986 and 1990 was to earn a total of 400 million U.S. dollars from exports -- about 300 million dollars more than in the previous five years.

PLA AUTOMATES ARTILLERY COMMAND SYSTEM

OW291124 Beijing XINHUA in English 1105 GMT 29 Jun 86

[Text] Shenyang, June 29 (XINHUA) -- The People's Liberation Army has automated its artillery firing system, military officials said today. Under the new system, the total time required for the firing process, ranging from the order at headquarters to the firing of artillery in the field, has been cut from minutes to seconds, according to officers from the general staff headquarters here. Over the past few years, they said, the Army has developed command systems using electronic and laser technology.

ENTERPRISES URGED TO EXERCISE DEMOCRATIC MANAGEMENT

HK300512 Beijing GONGREN RIBAO in Chinese 23 Jun 86 p 1

[Editorial: "Democratic Management Is the Fundamental Guarantee for Developing Collective Enterprises"]

[Text] The National Congress of Light Industrial Collective Enterprise Employees (commune members) opened solemnly in Beijing. The convocation of the congress is a joyous occasion for the 7.45 million employees of the light industrial collective enterprises. It fully embodies the principle that employees of China's collective enterprises are masters of their own affairs. We warmly congratulate the triumphant opening of the congress and wish it complete success!

The collective sector of light industry occupies an extremely important position in national economic and social development. It shoulders the heavy responsibility of providing people with daily necessities and small merchandise and making the market brisk. It undertakes the important mission of expanding exports and increasing foreign exchange for the state. In improving the people's living standard, accumulating funds for state construction, promoting social stability and unity, and developing socialist spiritual civilization, this is a vital force not to be ignored.

Collective owned enterprises are the independent economic organizations in which laborers jointly own the means of production, work together, and receive remuneration according to work. Employees of collective enterprises are owners of the means of production as well as laborers who directly take part in production activities. This characteristics determines that enterprises should adhere to democratic management and carry forward the spirit of being masters of their own affairs. China's Constitution has explicitly stipulated: "Collective economic organizations practice democratic management in accordance with the law, with all their workers electing or removing their managerial personnel and deciding on major issues concerning operation and management." Thus it can be seen that democratic management is the essential characteristic of collective enterprise management.

Light industrial collective enterprises have developed on the basis of handicraft cooperatives. During the 1950's, a set of democratic management forms suited to the characteristics of the collective economy and the conditions at that time took shape. Due to the influence of the "leftist" deviation, the management patterns of state enterprises of the fine tradition and characteristics of democratic management. To date, the question of democratic management of collective enterprises is not yet thoroughly solved. Factory directors of a number of collective enterprises are still appointed by higher level authorities or democratic elections are carried out perfunctorily. Workers' congresses are not resumed or they are resumed in name but not in reality. Laborers cannot take part in enterprise management or they have become masters in name but actually cannot handle the their own affairs. As a result, it becomes difficult to invigorate enterprises and to enhance the employees' sense of being masters of their enterprises. In order to further develop the light industrial collective enterprises, it is extremely important to lay emphasis on democratic management.

In order to strengthen democratic management and ensure the democratic rights of the employees, it is necessary to first perfect the system of the congress of collective enterprise employees, regularly hold meetings, seriously discuss important matters related to the survival and development of enterprises and interests of the masses, make relevant decisions, and put them into effect. The workers' congress is a body with authority in collective enterprises rather than a consultancy or supervisory mass organization. It has the right to decide on major issues of an enterprise. Meanwhile, collective enterprises should also implement the system of the factory dirctor assuming sole responsibility. This is the objective demand of the development of commodity economy and modernized production. After a factory director is elected democratically by the workers's congress, he is vested with the authority to direct various production and operation activities. Nevertheless, it is necessary to combine democratic management with the system of the factory director assuming sole responsibility. Factory directors must be giben a free hand to handle routine duties. The work of factory directors must be supported rather than intervened in. However, a factory director should regularly give an account of his work to the workers' congress, develop democracy extensively, and solicit emplyees' opinions. A factory director cannot act arbitarily. The workers' congress has the right to recall a factory director who is unqualified or remove him from office.

In order to prevent the practices of disrespecting the democratic rights of employees and neglecting the position of employees of collective enterprises being masters of their own affairs and in order to perfect the system of workers' congress at collective enterprises, a democratic management committee can be established through democratic election when the workers' congress is about to close. In the democratic management of collective enterprises, trade unions should also play their proper role.

It is the objective inevitability of the political and economic systems of China's socialism to implement the principle of democratic management in collective enterprises. This is all the more urgent at the moment. In the change from the old to a new system, however, there are many new problems which must be properly explored. With the spirit of being masters of their enterprises of collective enterprises should take an active part in enterprise management work and contribute their wisdom and intelligence to the development of socialist collective enterprises. Undoubtedly, this is the fundamental guarantee and motive force for the development of collective enterprises.

BO YIBO PREFACES BOOK ON GOOD PARTY MEMBERS

OW290912 Beijing XINHUA Domestic Service in Chinese 0048 GMT 27 Jun 86

[Text] Beijing, 27 Jun (XINHUA) -- A book entitled "Party Spirit, Ideals, and Righteousness" will be off the press around 1 July, the CPC founding anniversary.

Compiled, edited, and published by the Shanghai People's Publishing House, the book is a collection of stories on the advanced deeds of 16 outstanding communists, including Ma Shengli [7456 0524 0448], Qu Xiao [2575 0876], Hua Yi [5478 1837], Dai Hongxiang [2071 3163 4382], Lu Guanqiu [7627 0385 3808], Fang Qi [2455 0967], Qian Fusheng [6929 1381 3932], Shi Guangzhu [0670 0342 26910, Xin Fuqiang [6580 4395 1730], Zheng Changlu [6774 7022 4389], and Yang Huaiyuan [2254 2037 6678]. The stories run a total length of 110,000 characters.

Comrade Bo Yibo has written a preface to the book under the subject "The Party Spirit, Ideals, and Righteousness of a Communist." The preface says; How should a communist act in response to the party's instruction to be at the front of the great struggle to realize the general task of the party for the new period? And in the great practice of reforms, what should a communist do to really bring his role of a vanguard and model into play? This is a new question calling for serious thinking and handling and a serious answer by every party member. In recent years, many outstanding party members have emerged in every field who are fighting heroically and performing meritorious deeds for the reforms and the drive for the four modernizations. They are the ones who have correctly answered this question with their actual deeds. The publication of the book "Party Spirit, Ideals, and Righteousness" will give an impetus to the whole party in carrying out its on-going education on party spirit, ideals, and discipline and its work of rectifying party style as well as party building in the new period.

YOUTH FEDERATION CONGRESS OPENS, BO YIBO SPEAKS

OW301452 Beijing XINHUA in English 1412 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) -- The All-China Youth Federation opened the second session of its sixth congress here today calling on young people in all social fields and of all nationalities to contribute to the economic prosperity and reunification of the country.

Liu Yandong, newly elected president of the federation, recalled in her report the work of the organization since the first session three years ago. She said the present 661 members represented the 320 million youth in China. She said the reunification of the country is the hope of all the Chinese people and demands special efforts from the younger generation. She continued that, today a great number of promising and capable young people are distinguishing themselves in various social fields on the mainland, in Hong Kong and Macao, Taiwan and overseas, and the youth federation will pay more attention to contacts between them.

The All-China Youth Federation has established friendly relations with 400 youth organizations in more than 140 countries and regions, leading to increasing international exchanges and cooperation in the fields of economy, technology, culture, and so on.

Bo Yibo, vice-chairman of the Central Advisory Commission of the Communist Party of China, said at the session that the economic reform is China's supreme task at present and for the near future. He hoped that young people would actively participate in the revolution, giving advise and making contributions in their own spheres of activity. He especially hoped that the federation members would take the lead in promoting China's prosperity and reunification.

The session will last six days.

NIE RONGZHEN ON POLITICAL WORK IN 'NEW PERIOD'

HK270033 Beijing RENMIN RIBAO in Chinese 25 Jun 86 p 4

[Article by Nie Rongzhen in June 1986: "Creatively Do a Good Job in Political Work During the New Period -- Preface to 'Handbook on Ideological and Political Work at the Grass-roots Level During the New Period'"]

[Text] Ideological and political work has played an important and far-reaching role in the fighting history of our party and our army. Let us recall the days of the 10-year agrarian revolutionary war, the 8-year anti-Japanese war, and the 3-year liberation war when comrades of the whole party and the broad masses shared weal and woe, went through fire and water, braved untold dangers, and shed blood for the revolution. No matter how tough the conditions were, they made concerted efforts and fought for the liberation of the motherland and people. Shame to those seeking private interests and honor to those dedicating themselves became a prevailing custom at that time. All this was closely related to ideological and political work.

In the present new historical period of building socialist modernization when we are carrying out the policy of "opening up to the outside world and enlivening the domestic economy," people have various ideas. While attaching importance to building material civilization, we must also stress building spiritual civilization and cultivate a generation of new people and observe discipline. The whole party is now effectively straightening out party style and improving the general social mood. All this requires that we, by proceeding from reality, carrying forward the party's fine tradition in political work and strengthen and improve ideological and political work in a practical way. It is a misunderstanding to think that political work is no longer important during the new historical period.

We are historical materialists, and cannot deviate from certain historical conditions in exploring and solving any problems. The basic principles and contents of today's political work have not changed on the whole, but the time, conditions, situation, and targets are different. This requires that we emanicipate our minds; sum experiences; combine in a scientific way carrying forward fine traditions, reforming, and blazing new trails; go deep into the grass roots and masses; make strenuous efforts to study new situations, problems, and things; eliminate "leftist" influence; and creatively do a good job in political work. Thus, our ideological and political work can better meet the new situation of reform and opening up to the outside world can be upgraded to a level suited to the four modernization undertaking during the new period.

To build dynamic socialism full of vitality and with Chinese characteristics, we must carry out reforms on all fronts. The party's ideological and political work must ensure reforms and carry out reform. Without carrying carrying out reform, the ideological and political work will have no appeal to the masses and cannot be carried out in a down to earth manner among them.

Our experience over the past years have proved that the masses always judge a person by his words and deeds. Political workers must refrain from saying one thing but doing another. It is very important for political work cadres and all leading cadres, high-ranking cadres in particular, to set a good example, as the masses are watching them. If they fail to set a good example, nobody would be interested in ideological and political work. This is a focal point which we must particularly stress in the current ideological and political work.

The grass roots are the ground for all work and the foundation for ideological and political work. They are also a vast world for us to carry out reforms and blaze new trails in ideological and political work. The Changzhen publishing house has published this "Handbook on Ideological and Political Work at the Grass-roots Level During the New Period." We hope that the book will play its due role in propagating and implementing the party's policies and principles, in enhancing the building of socialist spiritual civilization, and in strengthening and improving ideological and political work.

S&T ASSOCIATION CHAIRMAN PRAISES ACADEMIC DEMOCRACY

HK301306 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1538 GMT 27 Jun 86

[Report by Dai Yaping and Lin Hua: "New Mission for the 'Father of Rockets' -- An Interview With Qian Xuesen, Newly Elected Chairman of the China Association for Science and Technology"]

[Text] Beijing, 27 Jun (ZHONGGUO XINWEN SHE) -- At the Third Congress of the China Association for Science and Technology, Qian Xuesen, China's "father of rockets" and a noted expert in systems engineering, was elected chairman of the association.

While he was chief professor of the Jet Propulsion Laboratory of the California Institute of Technology in the United States early in the 1950's, Qian Xuesen advanced the famous theory of cybernetic engineering. His treatise on cybernetic engineering, which was regarded as a "book from heaven" at that time, became the theoretical basis for modern scientific research, modern scientific and technological management, and economic management 30 years later.

After assuming the post of chairman of the China Association for Science and Technology, Qian Xuesen told these reporters: "I am a new recruit in this post. From now on, I will study and ask for advice modestly, do my utmost to work hard, and be worthy of the trust of the scientific and technological workers of the whole nation."

Qian brought up a recollection: During the reign of Chun Xi of the Southern Song Dynasty, there was an academic organization called the Ehu Society at the Xinzhou Ehu Temple in Jiangxi. The society practiced academic democracy and its members were allowed to air their views. Students could raise objections to teachers' views. Qian said that the society had a fine tradition, that is, views of all kinds could be expressed at the meetings, but spreading of hearsay outside was prohibited. If anyone spread hearsay, he would be dismissed from the society.

Qian Xuesen used this story to express his view on academic democracy. China's history of feudalism lasted for more than 2000 years, he said, so it is no easy job to practice academic democracy. Only by developing academic democracy should also be extended to the world, because international academic exchanges are not unidirectional. China's scientists should assimilate the advanced knowledge of other countries and also introduce China's research achievements to the world so as to benefit mankind.

During his stay in the United States beginning in the 1940's, Qian Xuesen contributed to aerodynamics and rocket propulsion. He returned to China from the United States in 1955 and made outstanding contributions to the development of China's astronautics industry. His field of research was wide and extensive, and included space technology, economic policy decisions, theories on traditional Chinese medicine, and breathing exercises. During the 1970's, he collaborated on a book entitled "Cybernetic Engineering" with Song Jian, an outstanding expert in systems engineering. A year ago, Song Jian took up a leading post in scientific circles and assumed office as minister of the State Scientific and Technological Commission.

"In my capacity as a scientist, I am willing to devote my remaining years to scientific research," said Qian Xuesen.

However, things went contrary to his wishes. Qian Xuesen was elected vice chairman of the CPPCC more than 2 months ago and is now entrusted with a heavy responsibility.

Administrative organization work would occupy most of his time. For this reason, Qian said with a smile: "I can only request the press circles to make an appeal for me."

It has been reported that the China Association for Science and Technology has already made arrangements to reduce Qian's administrative duties to the minimum so that he can devote part of his time to scientific research.

Like many other modern Chinese scientific explorers, Qian Xuesen returned to contribute to the motherland after the founding of new China. As a Chinese national residing overseas for a long time, Qian said, I understand the feelings of Overseas Chinese, and Hong Kong and Macao compatriots toward the motherland. Many of them told me that they are willing to serve the construction of the motherland. I want to inform them that so long as I am working at this post, I will do my best to make their wishes come true.

DIVERSITY OF MODERN SOCIALIST MOVEMENT ANALYZED

HK261436 Beijing GUANGMING RIBAO in Chinese 16 Jun 86 p 3

[Article by Li Zhongjie: "Why Does the Modern Socialist Movement Show Diversity?"]

[Text] One of the distinctive characteristics of the modern socialist movement is its diversity. This diversity is manifested in diversity in school and organization, guiding ideology or theory, modes of action or social pattern, in class content, and in effect. The diversity of the modern socialist movement stems from various sophisticated social and historical factors.

First, since economic development varies from country to country, social demands and policy objectives as well as class composition and the balance of class forces are also different. This forms different cultural levels and social psychological factors and determines that the socialist movement in a specific country has its own content and form. For example, in developed countries, unemployment, inflation, and production stagnation are main economic problems which the socialist movement there has to consider. The social democratic party and the communist party have different views on how to solve the problems. The former advocates policy readjustments under the framework of the capitalist system while the latter maintains that it is necessary to fundamentally change the capitalist system. In socialist countries, the most important problem is how to meet the material and cultural needs of society members by developing the national economy expeditiously and proportionally. To achieve this objective, it is necessary to make the economic management system more consistent with economic development. Hence, what economic management system to establish has become a crucial question. The difference in socialist patterns in these countries lies mainly in this question.

Second, the development of international relations is the main reason behind the diversity of the modern socialist movement. Although international relations constitute an external cause for change and development in a country, they play an important role in forming the characteristics of the socialist movement in a certain country, a role not to be ignored. Since World War II, major changes have taken place in the world situation in which socialism has developed from winning victory in one country to doing so in many countries. After 1956, the CPC and the communist parties in some other countries consistently maintained independence and kept the initiative in their own hands, opposed hegemonism, and built socialism in light of the actual conditions of their own countries. A prospect of diversity in the international communist movement was thus opened up. In the 1960's and 70's, the communist parties in some West European countries formed and developed European communism.

Before World War II, most countries in Asia, Africa, and Latin American were colonies and semi-colonies of the imperialists. After the war, this situation was ended. The Asian, African, and Latin American countries which won independence in succession were faced with a task of establishing a certain kind of social system. Because these countries were greatly explotied and plundered by the Western colonialists, their peoples utterly detested capitalism. At the same time, with socialism exerting a drastically increasing influence in the world, the people in power in these countries who, more often than not, had access to some socialist or Marxist ideas also attempted to practice socialism.

However, because their main objectives were to develop their own national economies, in practice, they only adopted some measures which they considered "socialist," such as the nationalization of land.

They did not practice the principles of scientific socialism in an overall manner. Therefore the socialism they practiced was not Marxist scientific socialism but non-Marxist socialism, such as the Islamic socialism, self-government socialism, and cooperation socialism that combines some measures, such as land nationalization with the traditional ideologies and cultures as well as the specific social and historical conditions of their own countries.

Third, national traditions vary from country to country. For example, in European and American countries, the bourgeois multiparty parliamentary democratic system has a very long history. It has long become the main form with which various political forces in society including the working class carry out political struggle and a relatively relaxed traditional form for solving class conflicts. Therefore, in these countries, striving for more democratic rights for working people through the parliamentary road is one important characteristic of the real socialist movement in such countries.

Fourth, diversity is the objective law governing the development of the socialist movement. As far as the countries, regions, and nations which seek emancipation of the proletariat and establishment of a socialist society based on the theory of scientific socialism are concerned, since their economics, policies, and cultures differ in thousands of ways, therefore, they should proceed from actual conditions, integrate the universal truth of Marxism with their actual conditions, and independently define the orientation, roads, objectives, principles, policies, and tactics of their socialist movements. In applying the principles of scientific socialism, top priority should be given to existing historical conditions of specific countries and their systems, customs, and traditions should be taken into account, as Marx and Engels stressed.

Moreover, the socialist movement is a developing movement. It will develop from immaturity to comparative maturity and undergo quite a long process of practice and development. This being the case, people are bound to explore, study, experiment, seek different roads, and to envisage different patterns in many ways, and they are bound to distinguish them by comparison. This will help people use their ability and compete with each other on the one hand and help them make up each other's deficiencies and to complement one another. The development processes of various countries cannot be synchronous. Since the foundations and starting points of the socialist movements in various countries are different, it we study the cross section of their socialist movements at a certain point, we will have a fairly clear picture of their diversity.
By saying that the modern socialist movement has a diverse character and by including all so-called schools of socialism in our study, we do not mean that all schools of socialism are scientific and genuinely socialist. In fact, they can be classified as proletarian socialism, bourgeois socialism or petty-bourgeois socialism, and feudal socialism. In the face of all brands of socialism, while admitting their diverse character, we must also adhere to the principles of scientific socialism.

CRACKDOWN ON COUNTERFEIT TRADEMARKS ORDERED

HK301352 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0245 GMT 30 Jun 86

[Report: "Over 17,000 Cases in Violation of the Trademark Law Have Been Investigated and Handled in China"]

[Text] Beijing, 30 Jun (ZHONGGUO XINWEN SHE) -- According to a report in ZHONGGUO XIAOFEIZHE BAO [CHINA CONSUMER GAZETTE] today, last year industrial and commercial administrative and management organs throughout the country discovered and handled over 17,000 cases in violation of the trademark law, stopped 120 million illegal trademarks, ordered the perpetrators to pay 150,000 yuan in compensation for the losses incurred to those whose trademarks had been illegally used, and imposed fines totaling some 7 million yuan.

To strengthen trademark management, last year the State Administration for Industry and Commerce formulated and promulgated a "circular on resolutely stopping enterprises from selling damaged and substandard parts and components as well as invalidated trademarks" and "provisional methods of management over the printing of trademarks." Industrial and commercial administrative organs in various localities also worked out relevant rules and regulations in light of their specific conditions.

Gan Guoping, deputy director of the State Administration for Industry and Commerce, told some reporters several days ago that counterfeit trademarks undermined socialist economic order and that industrial and commercial administrative personnel should execute the law, remove all obstacles, strengthen trademark management, crack down on counterfeit trademarks, and stop the practice of infringing on others' rights.

AWARDS MEETING FOR PLAYWRITING HELD IN CHANGCHUN

SK290517 Changchun Jilin Provincial Service in Mandarin 0930 GMT 28 Jun 86

[Excerpts] This morning, the cinema hall of Nanhu Guesthouse in Changchun was permeated with joy. The third national awards ceremony for outstanding playwriting and creations sponsored by the Chinese Dramatists' Association was held here.

More than 200 persons attended the awards meeting, including Gao Di, secretary of the provincial CPC Committee, Gao Dezhan, governor, Wang Zhongyu, deputy secretary of the provincial CPC Committee, Zhao Xiu, chairman of the provincial People's Congress Standing Committee, Dong Su, vice chairman of the provincial People's Congress and chairman of the provincial Federation of Literary and Art Circles, Fan Yeben, secretary of the Changchun City CPC Committee, Li Huizhen, vice mayaor of Changchun City, responsible comrades of the provincial and Changchun City departments concerned, as well as personages from the provincial literary, art and drama circles. The meeting was presided over by Zhang Ying, permanent secretary of the Chinese Dramatists' Association Secretariat.

Gao Di, secretary of the provincial CPC Committee, gave a speech at the meeting: [Begin recording] The third national meeting to award writers of outstanding plays and creations and to exchange experiences in creations sponsored by the Chinese Dramatists' Association was ceremoniously held in Changchun City, Jilin Province today. We are very happy for this occasion. [end recording]

On behalf of the provincial CPC Committee and government, he first welcomed the comrades to the meeting and extended congratulations to the award winners. He said: [Begin recording] Literature and art must closely keep pace with the times and reflect the practical situations of reform and the four modernizations as well as the great national spirit. Only thusly can we satisfy the multi-sided need of the people's cultural life, enhance their spiritual state, and help them foster lofty moral sentiments and healthy aesthetic ideas, thereby providing helping forces for reform, and helping the people correctly understand [words indistinct] and reform, support and participate in reform, and dedicate themselves to the great cause of vitalizing China. Our provincial CPC Committee and government have decided to create a democratic, harmonious, and comfortable environment for the broad masses of literary and art workers, and strive by all possible means to provide convenient working and living conditions for them in an effort to help them create more outstanding works. We wish the drama undertakings to prosper and flourish and this meeting to be successful. [end recording]

(Gao Zhanxiang) vice minister of culture, also spoke at the meeting.

FOREIGN FIRMS BID FOR TIANJIN PORT EXPANSION

OW281448 Beijing XINHUA in English 1439 GMT 28 Jun 86

[Text] Tianjin, Jun 28 (XINHUA) -- A total of 31 firms from eight countries and Hong Kong were chosen as tenderers for an expansion scheme of the Tianjin port at a pre-bidding meeting here today.

A port official said that the scheme is aimed at consolidating the foundation of a 600,000-square-meter dam on which berths will be built.

It is one of China's 190 key projects being built this year.

With a loan of 130 million U.S. dollars from the World Bank, the Tianjin Port Construction Development Company decided to open an international bidding for the project.

The tenderers were from Britain, China, France, Italy, Japan, the Netherlands, Singapore, Switzerland as well as Hong Kong.

According to the official, August 1 will be the deadline of the bidding.

The meeting was sponsored by the China National Technical Import Corporation and Tianjin Port Construction Development Company.

JIANGXI GOVERNOR STRESSES ECONOMIC REFORM

OW300528 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 27 Jun 86

[Text] A provincial meeting of commissioners and mayors concluded in Nanchang on 25 June. In his speech at the meeting, Governor Ni Xiance stressed: In our economic work in the second half of the year, it is necessary to strive for an appropriate growth rate and to achieve all the economic and social development targets with the stress on better economic results. Ni Xiance called on all localities to give priority to achieving better economic results with the stress on improving produce quality, lowering material consumption, and selling products quickly to accelerate turnover of funds.

Ni Xiance said: We should further readjust the production structure, vigorously increase the production of marketable goods; correctly guide consumption; correct the relationship between commodity production and circulation; unclog commodity circulation channels between urban and rural areas; and appropriately increase circulation funds. All localities should invigorate enterprises as part of the reform; resolutely practice the responsibility system for factory directors; correct the relationship among party, administration, and workers; and step up ideological and political work. It is necessary to continuously implement measures to streamline the administrative structure and delegate powers to lower levels; to practice the economic responsibility system; to stop unreasonable quotes and fees; to differentiate normal business activities and unhealthy trends; and to properly handle problems occurring in the course of reform. Government organizations at various levels should conscientiously provide services to enterprises. The reform in financial, banking, and tax departments should be carried out in connection with enterprise reform. All localities should strive to fulfill their production plans and make up deficits and increase surpluses. They should make conscientious efforts to collect revenues; strengthen budgetary management; economize on funds for investment and administrative expenditures; strictly enforce financial and economic regulations; and ensure a balance between revenue and expenditure.

Ni Xiance pointed out: Our province has very favorable conditions for agriculture, and we should vigorously develop agriculture as the economic foundation. We should continue to rationally readjust the agricultural production structure, do a good job in the field management of early rice, and ensure a steady increase in grain production. We should implement preferential policies in order to promote the development of village and town enterprises.

Ni Xiance said: In the second half of the year, our province should continue to make vigorous efforts to carry out reforms and implement the policy of opening to the outside world. Leaders at various levels should take the lead in carrying out reforms; they should support, show concern for, and protect activists who promote reform in order to bring about an atmosphere of everyone discussing and carrying out reforms throughout the province. Vigorous efforts should be made to develop lateral economic ties so as to promote reform and achieve better economic results.

Ni Xiance called on leaders in various parts of the province to emancipate their minds; relax policy restrictions; take the opportunity to do a good job in economic and technological cooperation with foreign countries: and quickly exploit natural resources in order to develop the province's economy more effectively.

SHANDONG ISSUES CIRCULAR ON SUMMER GRAIN PURCHASES

SK270915 Jinan Shandong Provincial Service in Mandarin 2200 GMT 26 Jun 86

[Text] The provincial government recently issued a circular to various localities to counter the problems in this year's purchases of summer grain.

The circular points out: The purchase of summer grain is in full swing throughout the province. Generally speaking, the situation is good. However, some localities are withholding the money that should have been paid to peasants for their sales of grain without authorization, or pay little attention to the fulfillment of the purchases commissioned by the state.

To counter such a situation, the circular urges:

1. Unauthorized withholding of grain purchasing payment, which is an erroneous act, should be resolutely banned, and anyone who sells grain should receive payment. Forcible withholding of any funds, except for agricultural taxes and the advanced grain purchasing payment, is forbidden. This should be taken as a discipline, which leading persons at all levels and the masses of cadres should take seriously and abide by resolutely. Any acts in violation of this should be corrected immediately.

2. While ensuring the fulfillment of summer grain contracted purchasing tasks, we should exert active efforts to carry out the purchases commissioned by the state. Prices for the commissioned purchase may be set by counties in a unified manner. Areas where the market grain price is higher than or equivalent to the original increased price of above-quota grain may set the prices for the commissioned purchase according to the original increased price and the quality of the grain. Areas where the market grain price is lower than the original increased price of above-quota grain may set the prices which should be higher than the proportional price but lower than the original increased price, according to the quality of the grain. Areas neighboring other provinces should pay attention to setting the purchasing prices successfully to avoid outflow of grain.

3. Reward sales of materials should be carried out conscientiously. Fertilizer and oil are urgently needed for agricultural production at present. All localities should sell on a priority basis diesel oil and fertilizer which should be sold as a reward in summer grain purchases. Supply and marketing, commercial, and farm machinery departments should organize the allocation and distribution well, and deliver such diesel oil and fertilizer to grass-roots supply stations at an earliest possible date.

The circular also stated that business operations should be geared to the needs of the summer grain purchases, and that all the work affecting the summer grain purchases should be suspended for the time being in order to ensure the smooth fulfillment of the purchasing tasks.

SHANDONG PEOPLE'S CONGRESS HOLDS MEETING 26 JUNE

SK270840 Jinan Shandong Provincial Service in Mandarin 2200 GMT 26 Jun 86

[Text] The 20th Standing Committee meeting of the 6th provincial People's Congress opened in Jinan on 26 June. At a plenary session held that morning, (Cao Xianqin), deputy director of the provincial Agriculture Department, gave a report on the province's current agricultural production on behalf of the provincial government.

He said: The province has reaped a good harvest of summer grain despite the serious drought. The total output is expected to be basically the same with that of 1985 when a bumper harvest was reaped. The production in the western part of the province and in the plains with favorable irrigation conditions showed a substantial increase, and in the eastern part and mountainous and hilly areas, production decline by a fairly great margin. Half of the 14 prefectures and cities of the province are expecting an increase in production, while the other half are expecting a decline. Crops sown in springare growing fairly well, fruit production continues to develop, the production of animal husbandry, plant-eating livestock, and poultry continues to expand, and the production of hogs and chicken remains stable. Judging from the present situation, the agriculture of our province will maintain a sustained, stable, and coordinated development under normal weather conditions. However, some problems still exist. Major ones are: Sufficient publicity was not given to the need for strengthening agriculture, which is the foundation; sufficient attention was not paid to the needs for increasing input and changing production conditions, and this led to an imbalance in work; means of production; and the circulation of farm products and various service work failed to suit the needs on the development of the rural commodity economy. These problems should be conscientiously redressed when doing our work in the latter half of this year.

Entrusted by Governor Li Changan, Vice Governor Ma Zhongchen delivered a report on the provincial government delegation's recent visit to the United States.

Li Zhen, chairman of the provincial People's Congress Standing Committee, presided over that morning's plenary session. Attending were Vice Chairman Xu Leijian, Gao Fengwu, Zhang Zhusheng, Xu Jianchun, Lin Ping, Feng Lizu, Lu Hong, Xu Shen, and Yan Gingqing. Attending as nonvoting delegates were responsible persons of relevant departments of the provincial government, the provincial Higher People's Court, the provincial People's Procuratorate, the People's Congress standing committees of the cities under the jurisdiction of the province, the People's Congress work liaison offices of prefectures, and some county People's Congress standing committees.

SHANGHAI DEPARTMENTS JOINTLY FIGHT ECONOMIC CRIME

OW251131 Shanghai City Service in Mandarin 0000 GMT 25 Jun 86

[Text] According to WEN HUI BAO, the Shanghai procuratorial department and other departments concerned fighting economic crimes have developed lateral ties to jointly handle cases. From January to June they investigated and handled over 2,000 cases of various economic crimes, involving 55.78 million yuan and including over 300 major and important cases. Among the cases of economic crime handled this year, the number of cases of offering and accepting bribes greatly increased, making up 41 percent of the total number of cases. Major and important cases being handled at present involve 10 cadres at and above the departmental level. The handling of these cases is the responsibility of party and government leaders at higher levels.

In jointly handling cases, the Shanghai departments concerned conducted thorough investigations in accordance with the characteristics of the various trades. As a result, they discovered a number of important cases of economic crime. The municipal industrial department party committee tracked down personnel who demanded and took bribes by abusing their power in managing goods and materials in very short supply, products in great demand on the market, and rare, precious, and important raw materials.

From January to May this department investigated and handled 252 cases of this category, making up nearly 50 percent of the total number of cases handled by the department.

The party committee of Shanghai's rural area uncovered nearly 700 cases of economic fraud by considering the characteristics of rural enterprises eager to make profits and prone to be hoodwinked. At present 135 fraud cases are being handled, and 45 cases have been completed with 3.64 million yuan in illicit money recovered.

ZHEJIANG'S WANG FANG URGES BETTER REFORM WORK

OW291138 Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 26 Jun 86

[Text] According to a report by our correspondent Dong Fushun and reporter Chai Jianyue, Wang Fang, secretary of the provincial CPC Committee, said this morning to a meeting of graduates from the committee's Party School and the special cadre education departments run by higher-educational institutions in Hangzhou: Now our reform work is developing satisfactorily. I hope that after you have returned to you original units, you will carry forward your exploratory and enterprising spirit, stand firmly in the van of reform, and make fresh contributions to the prosperity of our country and the well-being of our people.

Comrade Wang Fang pointed out: Reform means an intensive change in our society and is an arduous exploratory task that no one has previously undertaken. Since there is no mature experience to follow, some mistakes are inevitable. We should use the Marxist stand, viewpoint, and method to deal with the new circumstances and questions that have arisen in the course of reform. Only thus can we stand in van of the current of reform and propel the progress of history.

To carry out this great task, Comrade Wang Fang asked the vast number of young and middle-aged cadres to handle three relationships properly: First, they should properly handle the relationship between personal interests and the interests of the party and people. Second, they should properly handle the relationship between knowledge from book and practical experience. With regard to many questions now encountered in the reform, no ready solution can be found in a book. It is therefore necessary to take the initiative to plunge into the great practice of reform and construction in order to resolve the new questions arising from practice. Third, they should properly handle the relationship between implementing instructions from the higher level and working in a creative way. Working in a creative way means implementing the instructions from the central authorities and those at the higher level creatively. If the policies and instructions passed down from the central authorities and from those at the higher level were only mechanically carried out, it would be impossible to do successful work.

The Organization Department and the Party School of the provincial CPC Committee co-sponsored the meeting and it was presided over by (Shen Huifang), member of the Standing Committee and director of the Organization Department of the provincial CPC Committee. Attending the meeting were leading comrades, including Liu Yiru, member of the Standing Committee of the provincial Advisory Commission and president of the Party School of the provincial CPC Committee; and some 900 graduates of the Party School and from the special cadre education departments of Zhejiang University, Hangzhou University, and Zhejiang Agriculture College.

GUIZHOU LEADERS ATTEND COMMENDATION RALLY

HK290201 Guiyang Guizhous Provincial Service in Mandarin 2200 GMT 28 Jun 86

[Excerpts] On 28 June, the provincial CPC Committee held a grand rally in Guiyang to name and commend advanced party organizations and outstanding party members. Ding Tingmo, deputy secretary of the provincial CPC Committee, read out the committee's decision on awarding titles of advanced party organization and outstanding party member. Provincial CPC Committee Secretary Hu Jintao congratulated the commended units and individuals.

SICHUAN CORRECTS ANOMALIES, ENCOURAGES RURAL ENTERPRENEURS

HK230323 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 22 Jun 86

[Text] Basing its work on current rural realities, the Sichuan Provincial CPC Committee has correctly handled a number of leftover problems in straightening out unhealthy trends and inspecting taxes, and has taken active steps to support and perfect rural economic structural reform and to encourage specialized households, enterprise contractors, and grass-roots cadres to work boldly and make still greater contribution to invigorating the province's economy.

Large numbers of peasant entrepreneurs and specialized households have appeared in rural Sichuan in recent years. They have taken the lead in getting rich and have led the masses to get rich, thus playing an active and stimulating role in developing the rural economy. However, while correcting unhealthy trends and carrying out a major tax inspection in the previous period, some grass-roots cadres, specialized households, and enterprise contractors became mentally confused due to lack of clear policy demarcation lines or to erroneous methods. They dared not work and operate enterprises boldly. A decline therefore appeared in some sectors of the rural economy, especially the township enterprises.

In view of this, leading comrades of the provincial CPC Committee went to the rural areas to chat with the grass-roots cadres and visit specialized households and enterprise contractors. The leading comrades publicized the party's policies and principles and encouraged them to work and operate boldly. They also drew up a document defining a number of policy demarcation lines and called on all localities to seriously implement it.

The provincial CPC Committee recently stressed a number of points at various meetings:

1. It is necessary to correct new unhealthy trends and crack down on economic crimes. However, when dealing with these problems, attention must be paid to distinguishing between reasonable profit retention by enterprises and the practice of turning public assets into private property; between bonus distribution in accordance with the terms of a contract and indiscriminate payment of bonuses and subsidies; between normal expenses involved in professional contacts and the practice of giving banquets and presenting gifts; between enterprise diversification and illegal undertakings; and between proper bonus payments for enterprise work personnel and slary [word indistinct] deductions.

2. When mistakes occur in a cardinal link or certain problems are not handled properly because systems are not on a sound basis or because the policy demarcation lines are unclear, we should sum up experiences and lessons, enhance our understanding, and perfect the systems instead of holding individuals responsible for the mistakes or problems. In general the upper levels shoulder the responsibility and the lower levels should not be held accountable if the former previously ordered the latter to do something that was not in full accordance with the regulations.

3. Attention must be paid to protecting the productive forces that have already formed. We should not damage such forces on account of investigating and dealing with problems.

4. The contracts firmed up last year should in principle be made good. We should continue to complete the contracts this year on the basis of perfecting them.

5. We will continue to practice the target management responsibility system for cadres and the previous system of linking cadre rewards and penalities to performance.

SICHUAN HOLDS CONFERENCE ON CONTROLLING PURCHASING POWER

HK271450 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 26 Jun 86

[Text] Yesterday evening, the provincial government's leadership group for controlling the purchasing power of social groups held a provincial telephone conference to make arrangements for Sichuan's current tasks of controlling the purchasing power of social groups.

At the conference, provincial government Secretary General Jiang Zeting conveyed the main spirit of the conference of the national leadership group for controlling the purchasing power of social groups and then reviewed the situation in this field throughout the province since the beginning of last year.

Regarding the current work of controlling the purchasing power of social groups throughout the province, Comrade Jiang Zeting stressed:

1. It is necessary to strengthen publicity and education and to heighten ideology and understanding.

2. It is essential to strictly examine, approve, and manage business in the specially controlled commodities.

3. It is imperative to seriously control quotas.

4. It is necessary to investigate and study the method of controlling the purchasing power of the township collective enterprises. Each place can select a county where investigation and study will be conducted, and put forward its views.

5. Offices for controlling the purchasing power of social groups at all levels must strengthen their fundamental work and the work of controlling the purchasing power of social groups must be done by their corresponding departments. These offices must build up archives of relevant data on examining and approving business in the specially controlled commodities.

6. Offices for controlling the purchasing power of social groups at all levels must do their work well in coordination with the departments of planning, finance, and taxation; bank; and departments of commerce, auditing, industrial and commercial administration, and motor vehicles.

7. It is necessary to strengthen leadership and to reinforce the ranks of cadres. All counties which have not been assigned full-time cadres must be quickly assigned them.

YUNNAN MEETING COMMENDS RURAL ENRICHMENT UNITS

HK300245 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 29 Jun 86

[Excerpts] The provincial CPC Committee and government held a gathering in Kunming from 27 to 29 June to exchange experiences and commend and award advanced units and individuals that scored outstanding success in increasing income and getting rich in 1985. Pu Chaozhu, He Zhiqiang, Liu Shusheng, Qiu Chuangxiao, Zhao Tingguang, and other party and government leaders attended.

Provincial CPC Committee Secretary Pu Chaozhu made a speech. He said: The province achieved fine results in launching a drive to increase income and get rich in the rural areas last year. Despite serious natural disasters, grain output was 18.7 billion jin, while total agricultural output value was 9.65 billion yuan, an increase of 8.2 percent over 1984. Average gross income per capita increased by 76 yuan. In 32 out of 126 counties and county-level cities, average gross income per capita rose by over 100 yuan.

Pu Chaozhu said: Abundant experience was accumulated last year in the drive to increase income and get rich, mainly in the following respects: 1) In everything we do, we must consider making the peasants rich as soon as possible. This is the guiding idea for promoting rural work. 2) Persevere in following the path of reform. 3) Firmly establish the concept of developing commodity economy. 4) In readjusting the production structure, it is essential to seek truth from facts, act in light of local conditions, take advantage of strong points and avoid weak ones, and turn natural strong points into commodity strong points. 5) Do a good job in providing services. 6) Improve leadership style and keep in close touch with the masses. We must raise these experiences to the plane of reason and turn them into the guide for developing the rural economy.

GANSU RADIO FINDS CLAN CONCEPT 'INTOLERABLE'

HK270229 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 26 Jun 86

["Chat for Everybody" article by (Zhao Shaolin): "The Clan Concept Is Intolerable"]

[Text] An apple orchard in (Yuzhai) Village of Mali township in Wushan Country was contracted to a peasant named Zhao. Due to its good management and economic results, more than 10 peasant households named Yu in the village became jealous, saying, we cannot allow these Zhaos to reap a profit. A struggle to seize possession of the apple trees then broke out.

Similar instances of the clan concept seriously hamper the implementation of the party's rural policies and affect the political situation of stability and unity and normal production order in the rural areas. In some places, people whose clan is a weak minority often suffer bullying. Many civil and criminal cases are the result of disputes between clans.

It will be extremely bad for building the two civilizations in the rural areas if the clan concept is not destroyed. I therefore hold that when the CPC and CYL organizations conduct ideological and political work for the peasants, they should regard elimination of the clan concept as a major topic. We should have the millions of households all united and taking the lead in getting rich and pursuing prosperity for all. If this cardinal link is grasped well, the building of the two civilizations in the rural areas can take a step forward.

QINGHAI RADIO COMMENTARY ON PROFESSIONAL ETHICS

HK241522 Xining Qinghai Provincial Service in Mandarin 2230 GMT 23 Jun 86

[Short commentary: "It Is Imperative To Conduct Education in Professional Ethics"]

[Excerpts] Professional ethics is an important component part of the building of spiritual civilization. Grasping education in professional ethics is grasping the building of spiritual civilization. The success in grasping this work will play an important part in keeping close ties between the party and the masses and between the state and the people, in town building, and changing the general mood of society.

Regarding professional ethics, all trades and professions are required to establish good work style and to observe the socialist moral concept and standard of conduct so that they can serve the people still better.

Commerce, the catering and service trades, public communications, posts, telecommunications, banks, and water and electricity supply are closely related to the whole society and have a bearing on thousands upon thousands of households. Since the Third Plenary Session of the CPC Central Committee, these trades have worked hard to improve their work and work style. They have been praised by the masses. However, a small number of comrades of these trades have failed to see the importance of this work. Their concept of professional ethics is poor. Some have taken the advantage of their professions to pursue private ends. Some have made things difficult for consumers. Some have taken advantage of consumers' being in a weak position to overcharge them. Some have done things for their own convenience and been inconsiderate of the masses. The masses are greatly dissatisfied with these.

The main aim of conducting education in professional ethics is to establish good work style, not to punish any people in particular. This is the first year of the Seventh 5-Year Plan and is the crucial year when our province will realize a fundamental turn for the better in party style. We sincerely hope that all units will seriously attach importance to education in professional ethics so that our province can make a new start in the building of spiritual civilization.

SHAANXI GOVERNOR URGES SUPPORT, PROTECTION FOR REFORM

HK140537 Xian Shaanxi Provincial Service in Mandarin 0100 GMT 14 Jun 86

[Text] Today's SHAANXI RIBAO frontpages an article by Governor Li Qingwei entitled "Persevere in Reform, Protect Reform, Stimulate Reform."

The article says: Reform is an important guarantee for invigorating Shaanxi and doubling [fan fan] output value. The leaders at all levels must take a firm and clear-cut stand with the cadres and masses, persevere in reform, protect reform, and strive to create an excellent external environment for the reformers.

The article demands that the leaders at all levels voluntarily accept responsibility for certain mistakes that occur in reform. It is forbidden to grab people by their pigtails, make them wear tight shoes, deal blows at them in revenge, punish people, or go back to the old road. The article says: With regard to people who fabricate facts in order to disrupt reform, our principle is not to allow interference by gossip and slander. We should in general not deal with anonymous letters. We must hold accountable and deal severely with those who make false accusations to frame people.

Li Qingwei's article says: Apart from a few instances of serious violations of law and discipline, the upper-level organs should not be quick to send work teams into units to handle problems that arise in reform, or conduct endless investigations there.

SHAANXI PARTY MEETING DISCUSSES RURAL RECTIFICATION

HK210211 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 20 Jun 86

[Excerpts] The provincial CPC Committee Standing Committee pointed out during a recent discussion on party rectification that this work is now at its most important moment. The party committees at all levels, especially the county CPC committees, must eliminate ideas of relaxing, strengthen leadership, do a good job in rural party rectification, and consolidate and develop the fruits of party rectification.

On the morning of 18 June, the Standing Committee listened to a speech by Li Xipu, leader of the provincial CPC Committee group for guiding party rectification, conveying the spirit of the forum of 11 north China provincial and municipal CPC Committee secretaries on party rectification convened by the Central Commission for Guiding Party Rectification.

The meeting held: Although rural party rectification in Shaanxi has not been underway for long, its development is healthy and good results have been achieved.

The Standing Committee stressed: Now that party rectification has got down to the rural grass roots, it is marked by the characteristics of broad area, complex problems, and pressing time. The question of whether we can carry out rural party rectification with high quality is very important. In addition, having completed party rectification, units at county-level and above still need to further solve problems in party building. The party committees and the leading comrades at all levels must have a clear understanding of the importance of this moment, strengthen leadership, brace their spirits, and complete party rectification with high quality.

The Standing Committee meeting stressed that rural party rectification must be focused on solving serious cases of abuse of power and violations of law and discipline among district, township, and village party-member cadres. The rural grass-roots party leadership groups must be readjusted, strengthened, trained, and improved. We must, throughout the entire course of rural party rectification, get a good grasp of ideological and political education for the party members. We must also do a good job in straightening out rural finances, so as to stimulate rural reforms and the development of commodity economy and bring about a fundamental turn for the better in party style and social mood.

Regarding the further consolidation and development of the fruits of party rectification, the Standing Committee pointed out that it is essential to focus on three cardinal links: 1) Conduct in-depth education in party spirit, especially in the program of serving the people wholeheartedly. 2) Further straighten out unhealthy trends. 3) Set up a healthy political life in the party and put it on a sound basis, seriously eliminate feudal remnants in political life, and put democratic centralism on a sound basis.

SHAANXI: OBSTACLES TO REFORM DISRUPT ADVANCED FACTORY

HK230139 Xian Shaanxi Provincial Service in Mandarin 0100 GMT 23 Jun 86

[Text] According to SHAANXI RIBAO, reform in the Xian food and drink machinery plant has encountered obstructions. Plant manager (Wu Changhai) is unable to exercise his powers, and the enterprise has now reached a state where it cannot even pay wages.

Since the plant instituted reforms in 1980, its main product, the Feiyan brand steamed bun machine, has on many occasions been assessed as an advanced product in the province and city. The plant's profit in 1983 quadrupled the 1980 figure. The plant was named a six-good enterprise by the provincial government in 1985. The plant's profits rose at an annual rate of 36.1 percent over a 7-year period. It became a renowned advanced enterprise in the whole province.

Instead of doing everything possible to protect and support such an advanced enterprise, the Xian City No 2 commerce bureau sent in a work team which conducted inspections in the plant for 9 months. The bureau also appointed a deputy manager and removed (Wu Changhai) from his post of party branch secretary. It also appointed a new secretary. As a result of these moves, this plant, whose annual profit was as much as 1 million yuan, produced less than 500,000 yuan worth of output value in the first 5 months of this year. The workers did not receive 1 yuan in bonuses, and the plant cannot even pay wages now.

SPOKESMAN COMMENTS ON U.S. CONGRESS RESOLUTION

OW290829 Taipei International Service in English 0200 GMT 28 Jun 86

[Text] The Broadcasting Corporation of China reports from Taipei: Republic of China [ROC[Foreign Affairs Ministry spokesman Chiu Chin-i on Friday called on the U.S. Congress to respect the RPC Government's efforts in safeguarding democracy and human rights in the nation. The spokesman asked U.S. lawmakers not to be misled by unfounded allegations charged against the government.

Chiu made the remarks at a regular press conference Friday morning, reacting on a resolution passed by a U.S. House of Representatives subcommittee. The resolution asked the ROC Government to allow the organizing of new political parties to step toward a complete parliamentary system. The spokesman said, despite of threats from the Communist regime, the ROC Government has never spared efforts in promoting political participation and the protection of citizens' basic rights. Chiu said: Rather than being led away from their neutral and objective stand, the U.S. lawmakers should encourage and respect the Asian countries' determination to ensure democracy.

In the Friday meeting, Chiu also cited the report on Communist Chinese leader Teng Hsiao-ping's remarks threatening military actions against the ROC, and said the attitude shows that the communist regime's previous advocations of peaceful reunification are just plain lies.

[Begin recording] We have repeatedly pointed out to the free world that the smiling-face, peaceful overtures of the Chinese Communists to us have been purely a united front conspiracy. In fact, the attempt by the Chinese Communists to use force to invade the bastion of freedom, namely, Taiwan, Kinmen, and Matsu, has never ceased, though the Chinese Communists have repeatedly tried to fool the world with their one country, two systems Hong Kong formula, etcetera, etcetera. This baloney has once again demonstrated that these peaceful united front slogans are nothing but lies. We sincerely hope that the people in the free world will see through the Chinese communists' real nature so as not to fall into the trap of their united front tactics. [end recording]

Teng Hsiao-ping said earlier in a meeting with Philippine Vice President Laurel that they are getting impatient with the current situation and may resort to military force in bringing about the reunifcation of China.

Also in the meeting, Chiu said the ROK and South Korea may soon reach an agreement on the handling of the 19 mainlanders who had drifted into South Korean waters. He said the Korean authorities are expected to make public their guiding principles in handling the incident.

TAIWAN NOT TO PLAY TABLE TENNIS ON MAINLAND

OW271147 Taipei CNA in English 1014 GMT 27 Jun 86

[Text] Taipei, June 27 (CNA) -- The Chinese Taipei Table Tennis Association CTTTA has decided not to take part in the Asian Cup table tennis competition scheduled to be held in October in Shenchun, Kwangtung Province in Mainland China, Foreign Ministry Spokesman Chegne J.Y. Chiu said Friday.

To uphold the nation's basic policy, Chiu said in a routine press briefing at the Government Information Office, all ROC [Republic of China] groups or individuals are dutifully prohibited to take part in any activities in Mainland China.

The government's basic and firm policy of "no compromise, no contact and no negotiation" with the Peiping regime should be observed faithfully by all citizens, Chiu said.

The Chinese Taipei Table Tennis Association has formally applied for membership in the Asian Table Tennis Federation, Chiu said. However, he said, this fact does not imply that the CTTTA will take part in the forthcoming competition in Shenchun.

INCIDENT OF MAINLAND CHINESE IN ROK TO BE RESOLVED

OW271707 Taipei CNA in English 1453 GMT 27 Jun 86

[Text] Taipei, June 27 (CNA) -- Foreign Ministry Spokesman Cheyne J.Y. Chiu said Friday that the incident involving 19 Mainland Chinese who made their escape to South Korea June 16 aboard a motorized junk in a bid to seek freedom, is expected to be solved "satisfactorily" soon.

Chiu made the remarks in a press conference held at the Government Information Office in the morning.

South Korean Assistant Foreign Minister Pak Su-kil announced Wednesday that if everything goes smoothly, his government will make public its principle in handling the case within this week.

Pak has also announced that his government will handle the case "in accordance with international law and practices as well as the principle of humanitarianism," Chiu said.

Chui said the Republic of China Ambassador to Seoul Hsueh Yu-chi has been negotiating with the Korean authorities on this incident. "It is expected that the incident will come to a satisfactory solution very soon," Chiu said. However, Chiu refused to confirm a report that the ROC has expressed to the Korean Government that it does not want a third country to help handle the incident. "We have exchanged views with South Korea to make sure that both countries understand each other's stand on the issue," he said.

WEN WEI PO EDITORIAL ON SOVIET 12TH 5-YEAR PLAN

HK271241 Hong Kong WEN WEI PO in Chinese 27 Jun 86 p 2

[Editorial: "The Soviet Union Tries To Reform the Old Model -- Comment on the Soviet 12th 5-Year Plan"]

[Text] The "Soviet model" has seriously hindered the pace of Soviet industrial and agricultural development. Since the 27th CPSU National Congress, Gorbachev has stopped at nothing to promote the reform of the Soviet system.

Several days ago at a conference, the Supreme Soviet of the USSR adopted the Soivet 12th 5-Year Plan. This is an ambitious plan calling for the greatest amount of investment, development at full speed, and the adoption of high technology.

In these 5 years, national income is to increase by 124.2 billion rubles. For the last 5-year plan, there was an increase of only 79 billion rubles. The amount of investment is to be raised to 190 billion rubles, an increase of 95 percent over the last 5-year plan. The rate of use of new technologies will be doubled. The rate of depreciation for machinery, according to the new plan, will be greatly accelerated and raised 100 percent. The value of old machinery written off will reach 240 billion rubles.

In agriculture, emphasis will be put on the use of high technology. It is demanded that production be raised 160 percent in 5 years.

Due to heavy investment and high accumulation, the increase in consumer funds will be reduced. A rapid improvement of the people's living standard will suffer.

The new 5-year plan will focus on an attempt to cure the "Soviet disease." What are the symptoms of the "Soviet disease?" In sum, the central planning departments just hand down production targets and assess the performance of enterprises on the basis of output value. On the other hand, enterprises can have funds at their disposal for nothing and seek to increase output value and fulfill given targets by using extensive economic means such as adding to factory premises, using more workers, and increasing machinery. This process of operation does away with cost accounting and profit calculation. No attention is paid to the results of net value added to products. The interests of enterprise operators and production workers are separated from good or bad performance in the operation of enterprises. This practice covers up the true features of economic activities and allows passing off something fake as something genuine, making no distinction between right and wrong and following no clear-cut principle in matters of reward and punishment.

Many strange phenomena have appeared in the Soviet Union. Some enterprises have adopted new techniques, reduced costs, and turned out low-priced products. Because of reduced output value based on rubles, the relevant enterprise ladership is subject to criticism and suffers from a reduction in the amount of investment received.

Some enterprises have turned out bulky and heavy machines that waste raw materials and add to their costs. For a big increase in year-end output value, the relevant enterprise leadership is given rewards and promotions.

Many ridiculous situations have appeared in the Soviet Union. No one pays attention to the use of new technology. Machine products are based on the old patterns of 15 years ago. The iron ore extracted by the Soviet people every year is much more than what is obtained in the United States, but the quantity of machine products turned out is much smaller. There is also a large quantity of timber available, but the output of products processed from timber is very small. Especially in the 1970's, the rate of Soviet economic growth and the pace of its scientific and technical development slowed down. Based on Western national economic output value figures, the Soviet Union has not only been left far behind by the United States in economic strength, but Japan's national economic strength now matches the Soviet Union.

The Soviet reformists note that without basically curing the "Soviet disease," the Soviet Union will definitely fare worse and worse in its competition regarding international economic strength. In the 12th 5-Year Plan, the reformists have written seven presdcriptions: 1) stressing high technology-intensive development and putting an end to extensive economic means adopted in the past such as one-sidedly building new factory premises, extending the capital construction front, and wasting the money invested; 2) encouraging enterprises to be responsible for their own profits and losses and to practice economic accounting, delegating decision-making power, and allowing enterprises to make production arrangements themselves; 3) two-thirds of old machinery no longer being repaired, with all energies concentrated on upgrading enterprise equipment, and focusing the national economy on the machine building industry and electronic automatic instruments, stimulating bureaus for their development; 4) practicing an open-door policy, strengthening trade with Western Europe and China, and stimulating economic and technical development; 5) changing the one-shift system in heavy industry-related factories to a two-shift more pay; 6) removing or replacing cadres unwilling to make reforms and lacking management expertise; and 7) having bank loans take the place of loans formerly obtained free.

The whole reform will do away with old management techniques and allow the introduction of new Western management experience. But the Soviet Union still does not dare to boldly practice a commodity economy. It is difficult to carry out the redistribution of power between central organs and enterprises and laborers, when duties are ill-defined. Can the "Soviet disease" be overcome? It seems that Soviet reformists will continue to encounter numerous obstacles ahead.

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FOREIGN MINISTRY HOLDS WEEKLY NEWS BRIEFING

Refutes VNA Espionage Report

OW020958 Beijing XINHUA in English 0949 GMT 2 Jul 86

[Text] Beijing, July 2 (XINHUA) -- A Chinese Foreign Ministry spokesman said here today that reports by Vietnamese News Agency (VNA) on the establishment of an espionage base by China on the Sino-Vietnamese border to carry out espionage activities against Vietnam is "a sheer fabrication".

Answering a question on the VNA reports at a weekly news briefing, the spokesman said the large amount of irrefutable evidence in the possession of the Chinese department concerned shows that it is the Vietnamese side that has repeatedly sent agents into China to carry out espionage activities of various kinds.

Views Relations With East Europe

OW021140 Beijing XINHUA in English 1131 GMT 1 Jul 86

[Text] Beijing, July 2 (XINHUA) -- A Foreign Ministry spokesman told reporters at the weekly news briefing today that there is no difficulty on the part of the Chinese Communist Party in resuming relations with the communist parties in East European countries.

In reply to a question about party-to-party relations between China and East European countries, he said that the political, economic, trade and cultural relations between China and the socialist countries in Eastern Europe have developed rapidly in recent years. However, he noted, "We have not restored party-to-party relations with the socialist countries in Eastern Europe except Romania and Yugoslavia. For our part, we have no difficulty in resuming party-to-party relations with them."

The spokesman added that there has been no substantive progress in the political relations between China and the Soviet Union. Sino-Soviet relation can be normalized only when the three obstacles are removed, he said. The obstacles refer to Soviet intervention in Afghanistan, Soviet support to Vietnam's occupation of Kampuchea, and the heavy Soviet military presence along the Sino-Soviet border.

Urges Arms Reduction

OW020952 Beijing XINHUA in English 0943 GMT 2 Jul 86

[Text] Beijing, July 2 (XINHUA) -- A Foreign Ministry spokesman said today the importance of both nuclear and conventional disarmament should not be ignored and should be carried out at the same time.

"The two military blocs have concentrated in Europe large number of sophisticated conventional forces and weaponary, which should be reduced dramatically," he said at the weekly press conference here in reply to a question on the recent disarmament proposal put forward by the Warsaw Pact countries.

"If the two blocs can conduct negotiations and reach agreements on the conventional disarmaments and take actions to reduce these armaments, this is welcome," he said.

Condemns U.S. Aid to Contras

OW020806 Beijing XINHUA in English 0800 GMT 2 Jul 86

[Text] Beijing, July 2 (XINHUA) -- A Chinese Foreign Ministry spokesman said today China is opposed to the recent act of the U.S. House of Representatives on providing assistance to the anti-government armed forces in Nicaragua.

Commenting the bill passed by the U.S. House a week ago at the weekly press conference here, the spokesman said, "The act constitutes a violation of the norms governing international relations and will have a serious impact on the development of the situation in Central America."

"Any form of interference in the affairs of Central America will aggravate the tension in that region and will be detrimental to a peaceful settlement of the conflicts in Central America," he said.

"We believe that the principle of non-interference should be fully respected by all parties concerned and the problems between the United States and Nicaragua should only be resolved through peaceful negotiations on an equal basis."

ZHAO ZIYANG ARRIVES IN URUMQI EN ROUTE TO EUROPE

HK012357 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 1 Jul 86

[Text] State Council Premier Zhao Ziyang arrived in Urumqi by special plane at noon today en route for Europe and Africa. He is being accompanied by Lu Dong, vice minister of the State Economics Commission; Qian Qichen, vice minister of foreign affairs; Wang Pinqing, vice minister of the Ministry of Foreign Economic Relations and Trade; and Bao Tong, vice minister of the State Commission for Reforming the Economic Structure.

Premier Zhao Ziyang's aircraft landed at Urumqi airport at 1230. When he and his party descended from the plane, young pioneers presented a bouquet to him.

Premier Zhao Ziyang and his party were welcomed by responsible comrades of the party, government, and army in Xinjiang and Urumqi Song Hanliang, Tomur Dawamat, Janabil, Amudong Niyazi, Zhang Sixue, Huang Baozhang, Liang Guojun, Liu Haiqing, Tang Guangcai, Wu Runsheng, and Simaiyi Maihesuti.

In the afternoon, Zhao Ziyang and his party visited the People's Hall and the exhibition of achievements marking the 30th anniversary of the establishment of the autonomous region. They were accompanied by Comrades Song Hanliang and Tomur Dawamat. In the banqueting hall of the People's Hall, Premier Zhao watched a cultural show given by children of a music school.

Premier Zhao Ziyang also listened to a report given by regional CPC Committee Secretary Song Hanliang on the work situation in Xinjiang. He also received responsible comrades of the regional CPC committee, Advisory Commission, Discipline Inspection Commission, People's Congress Standing Committee, people's government, and CPPCC, Xinjiang Military District, and the production and construction corps, and was photographed with them.

Leaves Urumqi for Romania

OW021014 Beijing XINHUA in English 1002 GMT 2 Jul 86

[Text] Urumqi, July 2 (XINHUA) -- Premier Zhao Ziyang left here today for an official goodwill visit to Romania and five other countries in Europe, Asia and Africa. Among those leaving on board the same plane were Minister in Charge of the State Economic Commission Lu Dong, Vice-Foreign Minister Qian Qichen, Vice-Minister of Foreign Economic Relations and Trade Wang Pingqing and Vice-Minister of State Commission for Restructuring Economic System Bao Tong. The premier flew in from Beijing yesterday. He was seen off at the airport today by local leaders including Song Hanliang and Tomur Dawamat.

Arrives in Bucharest

OW021118 Beijing XINHUA in English 1110 GMT 2 Jul 86

[Text] Bucharest, July 2 (XINHUA) -- Chinese Premier Zhao Ziyang arrived here this afternoon to start his five-day official goodwill visit to Romania. Premier Zhao, who is also member of the Standing Committee of the Political Bureau of the Chinese Communist Party, is visiting this country at the invitation of Nicolae Ceausescu, general secretary of the Romanian Communist Party and president of the Republic, and Constantin Dascalescu, premier of the Romanian Government.

Romania is the first stop of the Chinese premier's six-nation tour, which will also take him to Yugoslavia, Greece, Spain, Turkey and Tunisia.

GDR, FRG PARTIES DISCUSS NUCLEAR-FREE CORRIDOR

OW010548 Beijing XINHUA in English 0534 GMT 1 Jul 86

[Text] Berlin, June 30 (XINHUA) -- Representatives of the leading parties from Democratic Germany and Federal Germany today focused on clarifying "some important, outstanding problems" about establishing a nuclear-free corridor in central Europe.

The discussions, the fifth in a series, were instituted in 1985 under an agreement between Erich Honecker, general secretary of Democratic Germany's ruling German Socialist Unity Party, and Willy Brandt, chairman of Federal Germany's Social Democratic Party. Creation of a nuclear-free corridor was proposed by the late Swedish Prime Minister Olof Palme. In 1985, the two parties reached an agreement on establishing a chemical weapons-free zone in central Europe.

Teams from the two parties also discussed the latest Warsaw Pact proposals for substantial East-West troop reductions. The proposals were tabled earlier June at the Budapest summit. The next session will be in September in Bonn.

The Democratic Germany team was led by Hermann Axen, Politburo member and secretary of the Socialist Unity Party's Central Committee. Egon Bahr, member of the Presidium of the Social Democratic Party Federal Council and chairman of the Disarmament and Arms Control Committee of Federal Germany's Parliament, was the other delegation leader.

PRC'S NEW CONSUL GENERAL IN NEW YORK SPEAKS

OW011322 Beijing XINHUA in English 0713 GMT 1 Jul 86

[Text] New York, June 30 (XINHUA) — Tang Xingbo, the newly-appointed Chinese consul-general to New York, appealed to Chinese residing here to make fresh contributions to the unification of China and Taiwan, and to the development of Sino-U.S. relations. Speaking at a reception in his honor at the consulate, Tang promised to work for closer cooperation between the consulate and New York City and neighboring states in economic, cultural, scientific and technological fields. Tang was given a warm welcome at the gathering attended by more than 750 guests, including officials from New York, consul-generals of other countries in New York and noted figures in various circles.

U.S., HONG KONG SIGN TEXTILE IMPORT PACT

OW011902 Beijing XINHUA in English 1732 GMT 1 Jul 86

[Text] Washington, July 1 (XINHUA) -- The United States and one of its biggest textile suppliers, Hong Kong, initialed a bilateral textile import pact Monday. U.S. trade representative Clayton Yeutter, in a statement released late Monday, announced an agreement that limits the growth of Hong Kong textiles and apparel exports to an average of about 1 percent per year through 1991. Between 1980 and 1985, apparel imports of all fibers from Hong Kong increased by 63 percent, with an average annual rate of about 12 percent, Yeutter said. The new pact will expand coverage to all textile products. The current quotas cover cotton, wool and man-made fiber. The new pact extends the controls to ramie, linen and silk blends.

U.S. textile industry supporters in Congress said the agreement represented an improvement when measures against rapid increases in imports from Hong Kong in the last six years. "It's a step in the right direction, although we would have preferred to see some rollback," said Mark Goodin, a spokesman for Senator Strom Thurmond, Republican of South Carolina, and leader of the Senate textile caucus.

Hong Kong's chief textile negotiator, Hamish Macleod, said, "it's a very tight agreement but the best that we could get in light of the rigid stance of the United States reflecting strong protectionism." But representatives of the American textile industry denounced the accord, claiming it guarantees Hong Kong a bigger share of the U.S. market.

The industry is now mounting a major congressional campaign to override President Reagan's veto last year of textile quota legislation. The House is scheduled to vote August 6 on overriding the veto. Led by Senator Thurmond and Representative Ed Jenkins, leader of the House textile caucus, 372 lawmakers — 302 House members and 70 senators -- warned President Reagan in a letter last month that they might still override his veto and petitioned him to negotiate a tough multi-fiber agreement.

The Hong Kong pact was reached as the U.S. is negotiating a new mult-fiber arrangement, an international agreement governing the world textile trade that expires July 31. Hong Kong's move, analysts say, has insulated it from tougher conditions that may be laid down under any new arrangement.

The United States in recent negotiations had been seeking to freeze imports from three of the biggest textile suppliers -- Hong Kong, Taiwan and South Korea. Last year the value of Hong Kong textile exports to the United States was 3.3 billion U.S. dollars.

U.S. NOT TO RESPOND TO SOVIET PROPOSALS UNTIL SEP

OW020020 Beijing XINHUA in English 2353 GMT 1 Jul 86

[Text] Washington, July 1 (XINHUA) -- White House spokesman Larry Speakes said today that the United States is "preparing very carefully a reply" to the new Soviet arms control proposals but will not present it to the Soviet side before September when the next round of Geneva talks starts. In a reaction to Soviet leader Mikhail Gorbachev's remarks before the Polish Communist Party Congress in Warsaw yesterday, Speakes said that the United States hoped that "the Soviets are prepared to negotiate seriously." "As far as the United States is concerned, we are prepared and we hope progress can be made," he asserted.

Gorbachev in Warsaw accused the United States of sabotaging arms control efforts by ignoring Soviet proposals. "The cause of disarmament has not been advanced by a single millimeter because of the American Administration's open obstruction," he said. Speaks declined to comment on the accusations, saying only that "progress can be made if both sides are willing to discuss the matter seriously."

In a related matter, Speaks said there was no discussion through diplomatic channels on rescheduling a date for a U.S.-Soviet foreign ministers' meeting to prepare a second summit between Reagan and Gorbachev. The only discussion of the matter was a week ago when President Reagan met with new Soviet Ambassador Yuriy Dubinin who presented a letter from Gorbachev to Reagan, he said. "At that time, some ideas about how we prepare for a summit and proceed toward a summit were discussed in a very general sense, but with no specifics," he stated. He said the United States would prefer to have the meeting in September when the Soviet foreign minister comes to New York to attend the U.N. General Assembly session, but it is up to the Soviet side to propose a date.

At the State Department, spokesman Charles Redman complained that Moscow has spurned repeated U.S. overtures on rescheduling such a meeting. "We have been willing since last January, but the Soviets have not been willing to hold such a meeting, despite their commitment at Geneva to regular meetings between the foreign ministers," he claimed.

LI PENG DISCUSSES COOPERATION WITH BECHTEL CHAIRMAN

OW011254 Beijing XINHUA in English 0948 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- Chinese Vice-Premier Li Peng discussed cooperation here today with Stephen Davison Bechtel Jr., chairman of the board of directors of the Bechtel Group Inc. of the United States. Bechtel said he is interested in helping China in the expansion of its energy industry. The vice-premier said he hoped that the Bechtel Group Inc. could cooperate with China in coal production. The U.S. entrepreneur came here as a guest of the China International Trust and Investment Corporation.

FORD FOUNDATION PRESIDENT MEETS YAO YILIN

OW301032 Beijing XINHUA in English 1026 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) -- Chinese Vice-Premier Yao Yilin met here today Franklin Thomas, president of Ford Foundation of the U.S., and his party. They discussed ways to expand cooperation and increase exchanges between China and the Ford Foundation.

PRC JOURNAL ON USSR ECONOMIC DEVELOPMENT

HK010131 Beijing SHIJIE ZHISHI in Chinese No 10, 16 May 86 pp 5-6

[Article by Lei Zheng and Shi Zhi "The 27th CPSU Congress and the Strategy of Speeding Up Development"]

[Text] Over 2 months have passed since the 27th CPSU Congress. It is, however, still a major matter being discussed by international public opinion. It was the most conspicuous party congress since the 20th CPSU Congress. Gorbachev said: The resolution adopted by this congress "will determine the progress of the Soviet Union for the coming years and decades as well as the nature and rate of its advance toward a new Soviet socialist stage." In other words, it will determine the image and position of the Soviet Union upon "entering the 21st century." It can be said that this congress marked the new development period of the Soviet Union.

The Axis of the Congress -- The Strategy of Speeding Up Development

In his closing speech at the congress, Gorbachev said: "The main political achievement of the 27th CPSU Congress" is that it has laid down the "general line" for "speeding up the country's social and economic development."

What is the strategy of "speeding up development"? According to Gorbachev's explanation, it refers to improving the economic development rate. In the 15 years up to the end of this century, its national revenue will increase by 100 percent and its labor productivity by 130 to 150 percent. In other words, in the coming 15 years the Soviet Union will do as much work as it has done over the last 70 years since the founding of the country. By speeding up, it does not simply mean enhancing the development rate. its essence lies in "improving equality" on the basis of intensive production. Moreover, speeding up does not merely involve reform in the economic field but also demands the "active implementation of social policies," the "improvement of social relationships, the renewal of the work forms and methods of political and ideological organs, the strengthening of socialist democracy, and the removal of conservative factors which cause slackness and stagnation" and "anything which hampers social progress." Gorbachev said in Tolyatti City on 8 April that the 27th CPSU Congress demanded an "increase in the development rates in various fields of Soviet society," including the "economic, social, and spiritual fields" as well as the "political system"

What is the background for the CPSU to set forth the strategy of "speeding up development"? Gorbachev provided explanations from various angles.

1. In the economic field, "from the 1970's to the early 1980's, the Soviet Union markedly lagged behind in terms of economic development, including development, rate, labor productivity, the target fulfillment rate, and the use of advanced science and technology," and the Soviet economy "began to lose" its vitality. As a result of a drop in its economic growth rate, the Soviet Union could not fulfill its targets for three consecutive 5-year plan periods.

Gorbachev's remarks were not groundless. From 1981 to 1985, the average annual growth rate of the Soviet economy was 3.1 percent, lower than that of Japan (4 percent for the same period). Suppose the economies of the two countries continued to develop at the present rates, the Soviet Union would, in not too long a time, lose its meager superiority over Japan in terms of GNP, and it would not be able to maintain the position of a second largest economic country after the United States. Thus, it is not difficult to understand why the CPSU is earger to speed up its economic development.

The stagnation in economic development has resulted from a "lack of understanding of the importance and urgency of enabling the economy to take on an intensive nature" and of using advanced scientific and technological achievements. Therefore, efforts should be concentrated on developing an intensive economy.

2. In the social, political, and ideological fields, the "actions of party and government organs are lagging behind the times and the needs for livelihood. Slackness, rigidity of management forms and methods, inadequate zeal for work, bureaucracy, and depression in social life are becoming prominent." The "mentality of being unwilling to make improvement is prevailing." The tendency of avoiding the settlement of sharp contradictions and mature problems is arising. Furthermore, there are many other unhealthy trends. Ideologically, cadres are "restricted by outmoded concepts." Some people are even trying to turn Marxist theory into a "rigid formula and panacea" and do not take account of the "specific economic and political environments we are in." All this hampers Soviet progress.

In the international field, the Soviet Union is faced with the three major challenges of the U.S. strategic defense plan, worldwide scientific and technological development, and economic reforms in foreign countries CPSU leaders have "reconsidered" the international situation. They are of the opinion that the international situation has never been so "complex and unfavorable" as today; admit that capitalist countries still have vitality and can maintain their present positions and recover their lost ones; are worried that in the coming 15 years, the balance of forces will change in a direction unfavorable to the Soviet Union; profoundly feel the possibility of "falling behind in every step as a result of being slow in the first step"; and are afraid of becoming a third-rate country.

It is just in such domestic and international situations that the CPSU has decided to tackle the challenges.

Economic Reform

How will they put into effect the strategy of "speeding up development"?

A study of the documents of the 27th CPSU Congress indicates that the key is economic reform. Gorbachev announced in explicit term: "The present production relations and operational and managerial system have been formed basically under the condition of extensive economic development. They are gradually becoming outmoded and are beginning to lose their stimulative role, and certain things have become obstacles." He called: "The present situation requires us to carry out fundamental reform instead of making partial improvement," so as to establish a "complete, effective, and flexible management system." People have noticed that in the past Soviet leaders preferred "perfecting" and "transforming" the economic structure to "reforming" it but that they now feel the necessity for carrying out "fundamental reform."

Economic reform covers many aspects and involves bringing into play all positive economic factors; using economic methods to manage the economy so that the relationship between money and commodities becomes a tool by which economic and social policies are implemented; correctly handling the relationship between centralizing and delegating powers; reforming the management system; relaxing agricultural policies; adjusting the proportion of various national economic branches; and changing structural and investment policies. However, reform measures were not clarified in detail by the documents of the 27th CPSU Congress. As to what extent and how economic reform should ge carried out, this depends on their future practice.

Developing Democracy and Expanding the "Scope of Overtness"

While summing up the experience in the previous economic construction, Gorbachev maintained that the following three points were most important: First, it is necessary to "speak the truth"; second, "since economic reform has started, it must not be abandoned halfway but must be carried through to the end"; and third, the masses should be encouraged to take an "active and conscientious part" in economic reform. Obviously, the demand for speeding up development has also manifested itself in the political field. The basic aim of this demand is to develop democracy and expand the "scope of overtness."

Gorbachev said: Without developing democracy, "speeding up social development is inconceivable," and "without overtness, there can be no democracy." Overtness means "placing everything the state and society do under the supervision and attention of the people." With regard to political reform, Gorbachev's ideas contained in his report are mainly as follows: The central authorities should delegate powers to the lower levels, management organs should be streamlined, basic-level cadres should be promoted by election, the legal system should be perfected, and the leadership and work styles should be improved. As political structural reform involves very complicated relationships, the realization of these ideas depends on the development of practice.

Allowing Science and Technology To Take the Lead

In the course of realizing the strategy of "speeding up development," the Soviet Union is speeding up its scientific and technological development along with economic reform so as to make such development the main lever for enabling the economy to take on an intensive nature.

According to an analysis by Western specialists, the Soviet Union is 15 to 20 years behind Western developed countries in terms of science and technology. Due to long-term extensive economic development, the Soviet Union has produced many low quality products with bad economic results and high material consumption, although it has caught up with the United States in producing certain products. If this is allowed to continue, the gap between itself and Western countries will become larger. The domestic and international situation urgently require the Soviet Union to pay attention to the development of science and technology. Gorbachev has concentrated his efforts on this since he assumed office. In June last year, the CPSU held a special meeting on scientific and technological progress. In December, the Soviet Union and the other member countries of CEMA worked out a program on scientific and technological development for the coming 15 years. The strategy of speeding up development, which was laid down by the 27th CPSU Congress, has further confirmed the importance of placing the development of science and technology in a leading position, with the aim of using high technology to achieve better quality and higher efficiency, at a faster rate.

For this reason, it is necessary to give priority to the development of the machine building industry, to speed up the development of intensive industries, to reform the scientific research management system, to strengthen international scientific and technological cooperation, and to introduce more technological projects from abroad.

Summing up the above points, we know that the strategy of speeding up development has two main aspects, one being structural reform and the other being scientific and technological development. These two aspects will carry forward other aspects and enable the Soviet Union to carry out "comprehensive management" and realize the target of doubling its economic strength by the end of this century.

The economic structural reform plan worked out by the 27th CPSU Congress only points out the general direction. Gorbachev said: Economic reform "has just started" and "there will be difficulties." "We cannot guarantee that there will be no mistakes." In addition, obstacles are sure to arise in the course of this reform. In this respect, Gorbachev made these following remarks while in Kuibyshev: Some people do not have a good understanding of reforms; some party and government organs are not willing to carry out fundamental reform, are slow in their action, and even suppress the masses' creative spirit; and some localities have resorted to "formalism" and have "done very little actual work" in implementing the resolution of the congress. We will study how to remove these obstacles and what the future of reforms will be.

At present, people in the rest of the world have differences of opinion in estimating whether the Soviet Union can realize its strategy of speeding up development. Some people maintain that Soviet determination and ability should not be underestimated and others hold that apart from being affected by its social, political, economic, technical, and ideological habits, the strategy of speeding up development is also restricted by external factors, and in particular by its arms race and worldwide rivalry against the United States, which have added to the heavy burden of the Soviet Union and have diffused its human, material, and financial resources.

SOVIET UNION TO MAKE UP CHERNOBYL OUTPUT LOSS

OW261144 Beijing XINHUA in English 1127 GMT 26 Jun 86

[Text] Moscow, June 26 (XINHUA) -- Measures have been taken to make up the loss of electricity from the shut-down of the Chernobyl nuclear plant, the official news agency TASS reported today.

Vitalyi Sklyarov, Ukrainian energy and electricity minister, said some power plants in the republic, including a nuclear plant, will be put into use later this year.

Also, he said, the nos one and two generating sets in the Chernobyl power station will go into operation again this fall.

The minister said the pressing task now is to economize electricity. He estimated 2,000 megawatts will be saved if certain effective measures are taken.

PRC SEEKS MORE BUSINESS COOPERATION WITH JAPAN

OW020251 Beijing in Japanese to Japan 2130 GMT 30 Jun 86

[Text] The Sino-Japanese round-table talks on joint business consultancy, which began in Yangzhou, Jiangsu Province, on 23 June under the auspices of the PRC State Economic Commission, closed on 27 June after concluding that business consultancy conducted in the past 5 years has resulted in new and fruitful experience for China's acquisition of new technologies and renovation of existing enterprises.

The program for business consultancy was adopted in 1981 at a high-level working officials' meeting between the Chinese State Economic Commission and the Japanese Ministry of International Trade and Industry. Consultancy is offered by Japanese experts invited to China to work with Chinese officials. The program has been supported by both the Chinese and Japanese premiers.

The Japanese Government and private sector have so far sent 651 experts, and they have consulted 131 Chinese enterprises. At the same time, 400 Chinese engineers and technicians have visited hundreds of companies in Japan. As a result, most of the Chinese enterprises involved have improved management and raised technical levels. Of these enterprises, 60 have signed contracts to import Japanese technology or plants. The total value of contracts has reached $100 million, among them are 22 projects in which production has already started on a full or partial scale.

At the round-table talks, Zhu Ronghi, vice minister of the State Economic Commission, made a three-point proposal on the future conduct of business consultancy:

First, the formula for consultancy-acquisition-renovation should be strictly carried out, and the business consultancy program between the two countries should be steadily developed on a long-term basis.

Second, a new acquisition-renovation-joint management formula should be formulated and perfected, and cooperation between the two sides should be taken to a higher level.

Third, broad, long-term ties of cooperation should be gradually developed between Chinese and Japanese enterprises, medium- and small-scale enterprises in particular, through the consultancy program.

Zhu Rongji further noted that China wishes to offer Japanese firms most preferential terms in production and investment areas and various means of cooperation in order to overcome the current, temporary difficulties caused by the strong yen and the trade imbalance and to lay foundations for lasting cooperation. He added, this can be done.

HAO JIANXIU MEETS DPRK TRADE UNION DELEGATION

OW301206 Beijing XINHUA in English 1143 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) -- Hao Jianxiu, member of the Secretariat of the Chinese Communist Party Central Committee, met here today a delegation from the General Federation of Trade Unions of Korea, led by Vice-Chairman Kang Chong-pal. Hao briefed the visitors on China's economic development and expressed the wish to further the friendly relations between trade unions of the two countries. The Korean delegation has toured Shanghai, Hangzhou, Nanjing, Guangzhou and Tianjin, and is leaving for home tomorrow.

SOUTHEAST ASIA & PACIFIC

CGDK'S SIHANOUK TAKES TRAIN TO BEIJING

OW011110 Beijing XINHUA in English 1106 GMT 1 Jul 86

[Text] Pyongyang, July 1, (XINHUA) -- President of Democratic Kampuchea Samdech Norodom Sihanouk and his wife have left here by special train for Beijing today. Vice-President of Korea Pak Song-chol saw them off at the railway station.

President Kim Il-song met Sihanouk at the Democratic Kampuchean leader's residence here yesterday. Sihanouk and his wife had been in Korea since April 8.

NATURALIZATION FOR CHINESE TO RESUME IN PHILIPPINES

HK301155 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1351 GMT 27 Jun 86

[Text] Manila, 27 Jun, (ZHONGGUO XINWEN SHE) -- Philippines President Corazon Aquino indicated that hearings on applications by Chinese in the country for naturalization will be resumed soon and that the matter will be studied by Solicitor General Ordonez and the justice minister. Aquino made the above statement in response to a question by a reporter from the Chinese-language SHIJIE RIBAO [WORLD NEWS] on the question of naturalization.

In this connection, SHIJIE RIBAO published an article: "In so doing, the president demonstrated that she stands by her commitment made during the election. She will not abrogate the Philippine citizenship of Chinese naturalized during the Marcos time, and will continue hearings on applications for naturalization left over from the Marcos government."

When asked about the question of fake Philippine reentry permits, President Aquino said: If the reentry papers are fake, then the holders should be deported, even if the fake papers came from the government itself. The fake papers were perhaps signed and acquired by people connected to government officials. I do not think the government should be held responsible.

HONG KONG BUSINESSMAN ASSESSES BUSINESS IN PRC

OW011645 Beijing XINHUA in English 1527 GMT 1 Jul 86

[Text] Hong Kong, July 1 (XINHUA) -- Jardine Matheson Holdings in Kong Kong remains the "most diverse China trader in Hong Kong, in both scope and size," said Simon Keswick, chairman of the company, here today. "For the most part Jardines' China business is now intertwined with our Hong Kong operations," he told the eighth Asian Security Analysts Council conference held here.

Jardines' Hong Kong companies have virtually come to think of business on the Chinese mainland as an extension of their Hong Kong operations, he added. "From Hong Kong, our China trading division is involved in major project work, such as technology transfers, heavy equipment sales and the oil industry," he said.

In 1980, the China Schindler Elevator Company -- China's first industrial joint venture with a foreign firm -- was formed between Jardines and Chinese enterprise. Since then Jardines has launched more than 12 joint ventures with Chinese firms.

PRC JOURNAL ON KARMAL'S LOSS OF POWER

HK251536 Beijing BAN YUE TAN in Chinese No 11, 10 Jun 86 pp 52-54

[Article by Yang Can: "Why Did Karmal Lose His Power?]

[Text] The atmosphere in Kabul, the capital of Afghanistan, was unusual, because the whole city was on full alert as Soviet tanks were deployed on the slopes of the mountains which surround the city, their cannons were aimed at the city proper, and Soviet troops encircled all the Afghan Army barracks inside the city. What was going on there?

At this time, the 18th Plenary Session of the Central Committee of the People's Democratic Party of Afghanistan [PDPA] was inaugurated under the close watch of the Soviet troops. The meeting announced that Babrak Karmal had been replaced in his capacity as the general secretary of the PDPA by 39-year-old Lieutenant General Mohammad Najibullah, head of the State Intelligence Bureau. Although Karmal still remains in his capacity as a member of the Politburo and the chairman of the Revolutionary Committee, his influence and power have been significantly reduced.

Karmal became the general secretary of the PDPA at the end of 1979 after the Soviet invasion of Afghanistan with the support of the Soviet Union. He clearly knew on whose hands his life hinged. In the past 6 and 1/2 years, he has been docile and obedient to the Soviet Union and has acted as a puppet. However, all this did not satisfy the Soviets. Since last year, Soviet newspapers and periodicals have publicly criticized the Kabul regime many times, predicting the downfall of Karmal. At the end of March 1986, Karmal quietly went to the Soviet Union. Since then, he has not been seen in public. Karmal even failed to attend the activities celebrating the eighth anniversary of the "April Revolution." In fact, it was while Karmal was in Moscow that the Soviet Union made the decision to reshuffle the Kabul regime.

The reason Karmal has lost his power is that the Soviet Union feels that he is not a good tool which can be freely used by the Soviet Union. After sending troops to Afghanistan, the Soviet Union originally hoped that the Karmal regime would be able to stabilize the situation in Afghanistan. However, over 6 years have now passed. Although the Soviet Union increased its expeditionary troops, to over 120,000 people, suffered over 30,000 casualties, and paid a price as high as over $10 billion, the Karmal regime still could not survive without the protection of the Soviet troops.

Soviet newspapers and periodicals have also admitted that until now, the Kabul regime could only control 40 percent of the total area of the country. That the Soviet troops burned villages, killed civilians, and carried out a "scorched earth policy" in the areas where Afghan guerrillas carried out their activities aroused resentment among many Afghan Army officials and soldiers. Such incidents as the defection of the Afghan Army officials to the guerrilla side and mutinies of Afghan soldiers often took place. In March this year, over 900 soldiers of the Karmal troops defected to the guerrilla side. Because the Soviet Union could not free itself from the Afghan war and was becoming more and more isolated in the international arena, it wanted to change the situation by replacing its procurator in the puppet regime.

Although the Karmal regime had existed under Soviet protection for several years, its domestic social foundation was still rather weak. The Soviet Union had been demanding that Karmal carry out "political reforms" and let some leading figures of the tribes and the religious circle, intellectual circle, industrial and commercial circle, and so on take part in his government so as to add some democratic colors to the Karmal regime.

In autumn of last year, Karmal put forward a so-called program which aimed at "expanding the revolutionary social basis," but the program achieved meager results. The Soviet Union has publicly expressed dissatisfaction over the program's results. PRAVDA also published articles accusing Karmal of "having obstructed the revolutionary progress of Afghanistan."

Within the PDPA, there has always been a power struggle between the "parcham" faction headed by Karmal and the "Khalq" faction formed mainly by the Pushtus. In July of last year, the guards of Karmal had an armed conflict with the guards of Afghan Prime Minister Soltan Ali Keshtmand, which caused many casualities. In September, shots were again heard inside the presidential palace.

Since then, Karmal mde efforts to purge those who held different views and dismissed or replaced important figures of the party and government, but the problems were still not solved. The purpose of the Soviet Union replacing Karmal with Najibullah is to let a man with real power calm down the internal conflict and strengthen the Kaubl regime. However, since Karmal stepped down from power, there have been numerous demonstrations staged by his followers in Afghanistan, and the contradiction between the "Parcham" faction and the "Khalq" faction has been further intensified instead of being relaxed.

Because the Soviet Union has refused to withdraw its troops from Afghanistan, the indirect talks between Pakistan and Afghanistan which begain June 1982 have not achieved any results. Since last year'sz U.S.-USSR summit, the Soviet Union has repeatedly leaked the information that it is willing to withdraw its troops, giving the impression of a certain flexibility towards a political solution. In fact, the Soviet Union wants to sustain the Kabul regime and safeguard its own vested interests through a political solution.

Because the reputation of Karmal, who returned to Kabul in a Soviet tank years ago, is too negative, the present Kabul regime has not been recognized by Pakistan and other countries concerned. One day before the seventh round of talks between Pakistan and Afghanistan started, Karmal was removed from his post as general secretary. This showed that the Soviet Union wants to improve the image of the Kabul regime and strengthen the regime's negotiating strength in the talks.

Having been involved in the Afghan war for years, the Soviet Union is leading a difficult life. If the Soviet Union really wants to get out of the war, the only feasible way is to withdraw its troops from Afghanistan as soon as possible and let the Afghan people decide the future of their own country. The method of replacing the procurator and continuing to force a puppet regime upon the Afghan people will not help to solve any fundamental problems.

'NOTHING OF SUBSTANCE' TO SINO-PORTUGUESE TALKS

HK011036 Hong Kong AFP in English 0953 GMT 1 Jul 86

[Text] Beijing, July 1 (AFP) — The first round of Sino-Portuguese talks on the future of Macao that concluded here Tuesday were described by both sides as "friendly and cordial." A second round was to be held in Beijing in September, a statement released simultaneously here and in Lisbon said.

"In addition to reaching agreement on the general agenda of the talks, the two sides had an exchange of views on some matters of substance," the statement said.

Macao, which occupies a peninsula and two offshore islands in southern China, has been in Portuguese hands for 430 years and is the oldest European settlement in Asia.

No details were given about the topics covered, but the statement said the two sides had "expressed satisfaction at the results of the first round" and decided to hold a second round in Beijing this September. But a senior Portuguese Embassy official told AGENCE FRANCE-PRESSE there had been "nothing of substance" to the talks, which had been devoted to preliminaries and were "not exciting."

The period of time between each round of talks was likely to be shortened in the future, the official said, adding that an announcement would be made in the weeks ahead of the exact date of the next meeting.

Analysts said the September round appeared to be a compromise between China, which was believed to have sought more rapid progress, and Portugal, which favored a long period before the second round but had hoped to alternate the venue between Beijing and Lisbon.

Earlier about 40 reporters were unexpectedly barred from the opening of the talks by Chinese officials who said there was a misunderstanding about an announced photo session. Television, radio and press reporters from international agencies, Hong Kong and Macao were stopped at the gates of the Diaoyutai State Guest House.

Foreign Ministry officials said there had been a mistake in the previous day's announcement that reporters would again be allowed inside to photograph the session, as they had been on Monday.

The incident sparked speculation by some journalists that the Portuguese delegation sought to exclude the press after the crush of Hong Kong reporters prevented some Portuguese negotiators from reaching their seats at a photo session Monday. But observers noted that admitting the press to only the first day of each round of talks was in keeping with China's practice during other negotiations, including the two-year Sino-British talks on Hong Kong.

MACAO GOVERNOR LEAVES FOR CONSULTATIONS IN PORTUGAL

HK011548 Hong Kong AFP in English 1527 GMT 1 Jul 86

[Text] Macao, July 1 (AFP) -- Macao's governor left here for consultations in Portugal after the first round of Sino-Portuguese talks about the future of this Portuguese enclave in south China ended in Beijing on Tuesday.

"I think it was a happy beginning," was how Governor Pinto Machado, speaking to reporters on his departure, described the first two-day session of negotiations for the return of Macao to Chinese rule after more than 400 years under the Portuguese flag.

(An official joint communique issued in Beijing said the two sides had agreed on the agenda for the negotiations and exchanged views on matters of substance in a "friendly and cordial" atmosphere.)

Dr Machado, who is going to Lisbon for a Portuguese State Council meeting on Thursday, said he would take the opportunity to convey to President Mario Soares the Macao Administration's views on questions arising from the Beijing talks.

Chinese officials have said China's takeover of Macao should follow the pattern of a Sino-British agreement in the neighbouring British colony of Hong Kong, which is to remain capitalist and largely autonomous for 50 years after it reverts to Chinese rule in 1997.

Political and community leaders here said the results of the first round were as expected, and expressed confidence in the eventual outcome of the talks.

Said the president of Macao's Legislative Assembly, Carlos D'Assumpcao: "I have confidence that the two governments, Portugal and China, will consider the interests of the population of Macao." Legislative Assembly member Alexandre Ho also said he thought a satisfactory agreement could be reached, but added that if Macao's future was to follow the Hong Kong model it should be adjusted to suit the realities of Macao.

The influential chairman of the pro-Beijing Chinese General Chamber of Commerce, Ma Man-kee, said he was optimistic that a deal would be struck that would take into consideration the special conditions here.

Hong Kong is a rich commercial, financial and manufacturing centre of more than five million people, 98 percent of them Chinese, with Chinese and English as official languages and a bureacuracy predominantly composed of local Chinese.

Macao is a tiny territory of some 400,000 people, again 98 per cent Chinese, with an economy based largely on gambling, tourism and light industry, and where the administration is principally in the hands of people whose native tongue is Portuguese.

AFRICAN STUDENTS RETURN TO TIANJIN UNIVERSITY

HK011400 Hong Kong AFP in English 1345 GMT 1 Jul 86

[Text] Beijing, July 1 (AFP) -- Half the African students who fled here a month ago following a clash with Chinese classmates at Tianjin University returned to campus Tuesday, an African student said.

Six of the 12 students remaining in Beijing returned by regular train to the university some 120 kilometers (70 miles) southeast of here, while another six were to undertake field studies in hydraulics in outlying areas of Beijing, one of the African students said.

A group of about six South Asian students who fled to Beijing along with the African students and returned to the campus three weeks ago had warned African students here that tension remained high on the campus, the student said.

"Our ambassador has asked us to give the Chinese a chance to prove what they say," the student said, in reference to Chinese pledges that the Africans would be safe if they returned to the campus. "We will do what the embassy says," he added.

The students' return was the latest twist in series of incidents that began May 24 when some 600 Chinese students throwing bricks and stones beseiged laid [as received] a cafeteria where the Africans and some other students were having a party. Each side blamed the other for the clash, with the Africans saying it was racially motivated and the Chinese saying they had been provoked by an African who broke a beer bottle over the head of a Chinese classmate.

The clash and late-night flight to Beijing by the African students in the face of a second threatened attack a week later sparked a street protest by some 300 African students against Chinese "racist aggression" here last month.

Chinese officials later said the Africans has started the Tianjin clash by throwing bottles at Chinese students who asked them to make less noise. An official investigation into the incident with the aim of "punishing" those responsible for the violence has yet to yield any results. The African student said Tuesday that the investigation was apparently still underway.

PRC INAUGURATES BEIJING TO ROME AIR ROUTE

OW011446 Beijing XINHUA in English 1434 GMT 1 Jul 86

[Text] Rome, July 1 (XINHUA) -- With the successful landing of a Chinese jumbo passenger plane at the Rome airport this morning, China has opened its 26th international air route (Beijing-Rome).

The under-secretary of the Italian Ministry of Foreign Trade, Robert O. Prandini, the representative of the Italian airline (Alitalia), Giorgio Zadra, the Chinese Ambassador to Italy, Du Gong, along with some other Italian friends, Chinese diplomats and Overseas Chinese here, went aboard the Boeing 747 to congratulate the crew members on their successful flight from Beijing to Rome.

This new air route has been opened by the Civil Aviation Administration of China (CAAC) and Alitalia in accordance with a Sino-Italian aviation agreement in 1973 and another agreement on commercial cooperation between the two countries reached in May this year. According to the agreements, a CAAC liner will take off from Beijing every Monday night and arrive in Rome the next morning Via Sharjah, UAE, after 14 hours' flight, the shortest flight between the two capitals. After an hour's stay at the Rome airport, the plane will continue to fly to the Federal German city of Frankfurt. The plane's return trip will start Tuesday afternoon and it will arrive in Beijing the next morning.

During his recent visit to Italy, the General Secretary of the Central Committee of the Chinese Communist Party, Hu Yaobang, described this new air route as the "silk road of the 20th century." With the opening of the direct flight between Beijing and Rome, the economic, technical and cultural exchanges between China and Italy as well as other European countries are bound to be promoted.

WU XUEQIAN TALKS WITH EC'S DELORS IN BEIJING

OW011400 Beijing XINHUA in English 1344 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian said today that to strengthen friendly cooperation with the European Community (EC) constitutes an important aspect of China's policy of opening to the outside world. Wu said this in his talks with Jacques Delors, president of the Commission of the EC, here this afternoon.

He said that one important issue in China's ongoing economic restructuring is to continuously improve its open policy. He aired the view that the development of friendly cooperation between China and the EC has not only a sound political basis, but also excellent economic conditions. He said that China attaches great importance to Delors' present visit, which will promote friendly cooperation between China and the EC.

Delors told Wu that the EC supports its member countries to further their cooperation with China and is willing to work for balanced trade and technical cooperation between China and the EC, as well as exchanges between their technical personnel.

Wu and Delors also exchanged views on political and economic situations in the world today and other international issues of mutual interest.

On peace and development, Delors said that peace is the goal of the EC and a supporting pillar for the friendship between the EC and China. Peace and development are obviously related to each other, he noted. The EC, he said, has a moral and practical concern for the situation in the poverty-ridden Asian, African and Latin-American countries. Its member countries have come to know better and better the injustice of the present international economic order.

The EC advocates that international organizations and well-off countries play a greater role in helping developing countries improve their economies. It also stands for a liberation of trade to provide access for products of developing countries into rich countries, he added. He stressed that the establishment of a just and effective international economic order can reduce the number of causes of conflict.

Wu paid tribute to Delors' views. He said that, as a developing country, China is willing to strengthen South-South cooperation with Asian, African and Latin-American countries. Wu also briefed Delors on China's independent and peaceful foreign policy. He said that the modernization of China demands a long-term peaceful international environment.

China, he said, supports all policies and actions favoring peace and opposes power politics, hegemonism and encroachment upon the sovereign of other countries. He said that China is willing to work together with all peace-loving countries and peoples for world peace, and to carry out diversified economic cooperation with other countries on the basis of equality and mutual benefit.

Delors arrived here today for a five-day official visit, his first since he became president of the commission of the EC in January 1985, at the invitation of the Chinese Government. Accompanying him are his wife and Emile Noel, secretary-general of the commission. They were greeted at the airport by Wu Xueqian upon their arrival.

Hosts Banquet for Delors

OW011455 Beijing XINHUA in English 1439 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- Acting Chinese Premier Wan Li said here today that the European Community (EC), an important economic and political force in the world today, has made positive contributions to the unity of Western Europe.

"We heartily rejoice over the progress made in recent years by Western Europe on its road toward unity,, and we would like to see Western Europe play a more positive role in international affairs and in maintaining world peace," he added.

Wan made these remarks at a banquet welcoming Jacques Delors, president of the EC Commission, Mrs. Delors and their party this evening.

He pointed out that strengthened friendship and cooperation invarious fields between an independent China and a united and strong Western Europe is of great significance which goes far beyond the bounds of bilateral relations. It is also of great importance for safeguarding world peace and promoting international cooperation.

He reiterated that it is an established policy of the Chinese Government to steadily strengthen its friendly relations and cooperation with the EC and other West European countries.

He expressed satisfaction with the fruitful cooperation between China and the EC in various fields since they established relations 11 years ago.

He also expresed appreciation for the positive approach adopted by Delors and the EC Commission with regard to developing relations with China, and the belief that the friendly relations and cooperation between China and the EC will be furthered.

Delors replied that both the EC and China are working for peace and development. Their consensus on political affairs is of great significance. The question now is how to match their economic cooperation and trade with their political ties.

He expressed willingness to work for this and encourage EC member countries to work in this regard.

He noted that the great efforts made by China for development have caught the attention and won the appreciation of Europeans. He also praised China for its great progress and its role in peace-promoting international organizations.

He said that the 12 EC member countries are determined to unite to make further progress and gradually reach political and economic uniformity. They wish to further their cooperation in foreign affairs and eventually in defense, and have set ambitious targets for economic development, he added.

Chinese State Councillor and Foreign Minister Wu Xueqian was among those present at the banquet.

PRC CONSULATE OPENS IN MANCHESTER, ENGLAND

OW010630 Beijing XINHUA in English 0615 GMT 1 Jul 86

[Text] London, June 39 (XINHUA) — More than 300 people attended the opening ceremony of the Chinese Consulate General in Manchester, a city of 600,000 in northwest England, according to a report from Manchester.

Chinese Ambassador to Britain Hu Dingyi introduced Chinese Consul Gneral Wong Fupei.

Britain's representative to the ceremony, Lord Rhodes praised opening of the Consulate General as the sign of friendly relations between Britain and China.

The Consulate General was founded under the Sino-British accord of April 1984. A British Consulate has been set up in Shanghai.

Manchester has about 50,000 Chinese living in the nine-county area.

LEADERS ATTEND 28 JUNE PAVAROTTI PERFORMANCE

OW281720 Beijing XINHUA in English 1539 GMT 28 Jun 86

[Excerpt] Beijing, June 28 (XINHUA) — Luciano Pavarotti's China tour reached another climax tonight when he starred as Rodolfo in Puccini's "La Boheme" presented by the theater opera of Genoa.

Among the 1,000-plus audience at the Tianqiao Theatre were Chinese leaders Wan Li, Hu Qili and Fang Yi, as well as leading Chinese musicians and vocalists and music lovers from all over the capital.

Hu Yaobang Meets Pavarotti

OW291000 Beijing XINHUA in English 0945 GMT 29 Jun 86

[Excerpts] Beijing, Jun 29 (XINHUA) -- General Secretary Hu Yaobang of the Chinese Communist Party Central committee greeted Italian tenor Luciano Pavarotti at the Central Committee's office here today.

Hu first met Pavarotti during his visit to Italy earlier this month.

As Pavarotti walked into the committee's reception hall, Hu told him, "Your performances in Beijing have been very successful."

A videotape of the performance will be broadcast Tuesday on the China Central Television Network. "I believe many people will enjoy Pavarotti's performance," Hu said.

POLAND'S ECONOMIC STRATEGY FOR NEXT DECADE

OW010625 Beijing XINHUA in English 0600 GMT 1 Jul 86

[Text] Warsaw, June 30 (XINHUA) -- Polish Premier Zbigniew Messner has outlined economic goals for the next decade and stressed the importance of economic levers in reforms. The premier submitted today a draft socio-economic plan for 1986-1990 and through 1995 to the congress of the ruling United Workers' Party which opened on Sunday.

The plan envisages a 16 percent increase in supply of goods and services, and a 16-19 percent increase in national income for the next five years, of which half will be realized through better exploitation of raw materials. Funds for scientific and technological development will be doubled by the year 1990. Annual consumption spending will rise by some 15 percent to provide for a gradual improvement of living standards.

Messner said "The basic trend is to fully set in motion mechanisms which stimulate effectiveness." He stressed the importance of economic pressure, which "is by no means in conflict with socialist principles. On the contrary, it is a fundamental condition of the efficiency of socialism as an economic system."

Poland started its economic reforms in 1982. "The process is yet to finish," and "the results so far are unsatisfactory," said Messner. The premier considered weaknesses in the economy as: large reduction on investment, outdated production installations, ineffectiveness in the use of labor resources and raw materials, slow decline in inflation, and an increase in the money supply without a corresponding increase in production."

He stressed that "more substantial reform must be carried out to lead the economy to a further intensive development." In order to do so, "stronger economic measures" must be taken to raise efficiency. The nature of the present reform, Messner went on, is to consolidate a unified and comprehensive economic policy. He pointed out that "the direction of changes is so strongly rooted in the realities we do not need to assure anyone today that there is no backtracking on the reform."

Messner reiterated that Poland supports the establishment of official relations between the Council of Mutual Economic Assistance (CMEA) and the European Economic Community (EEC), as well as a bilateral agreement with the EEC that would lift the barriers which keep Polish goods away from that market.

NI ZHIFU MEETS BULGARIAN TRADE UNION GROUP

OW301500 Beijing XINHUA in English 1437 GMT 30 Jun 86

[Text] Tianjin, June 30 (XINHUA) -- Ni Zhifu, president of the All-China Federation of Trade Unions, met here today a delegation from Bulgarian Trade Unions headed by its Central Council Secretary Costa Andreef.

Ni said exchange of visits between trade unions of China and Bulgaria had been suspended for 20 years owing to many reasons. He believed that the delegation's current visit marked a new beginning for the two sides to learn from and cooperate with each other.

Andreef agreed that the visit was a turning point in strengthening friendly exchanges between the two trade unions. "What we have seen and heard during the visit in China demonstrated that China's on-going economic reform was of world significance," he added. The delegation arrived here from Shenyang this morning.

MALI PRESIDENT RETURNS HOME AFTER PRC VISIT

OW020054 Beijing XINHUA in English 0043 GMT 2 Jul 86

[Text] Bamako, Mali, July 1 (XINHUA) — Malian President Moussa Traore returned here today after completing offical visits to Korea, China and Tunisia. Traore said he visited China at the invitation of President Li Xiannian last month. "I held a number of discussions with Chinese officials on bilateral cooperation and on African, Asian as well as international questions," the president told reporters at the airport.

Traore said he wished to thank Chinese President Li, the People's Republic of China, the Chinese Government and "all provincial authorities who greeted my delegation and me with friendly hospitality."

CPC DELEGATION ARRIVES IN ALGERIA 1 JULY

OW020134 Beijing XINHUA in English 0117 GMT 2 Jul 86

[Text] Algiers, July 1 (XINHUA) -- A Chinese Communist Party delegation headed by Deputy Director of the General Office of the Central Committee of the Communist Party of China (CPC) Zhou Jie, arrived here today for a friendly visit. The CPC delegation will meet with leaders of the ruling National Liberation Front (FLN) for discussions on the strengthening of bilateral relations between the CPC and the FLN.

The Chinese delegation was met at Algiers airport by Mohammed Chaa, FLN secretary general for external relations and by Chinese ambassador to Algieria, Jin Sen.

The delegation arrived from neighboring Tunisia where it attended the 12th Congress of the Tunisian Socialist Destour party. While here the delegation will visit a number of factories and economic enterprises.

COOPERATION COMMITTEE ESTABLISHED WITH BENIN

OW011140 Beijing XINHUA in English 1108 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) — China and Benin have agreed to set up a mixed committee for economic and technical cooperation and trade between the two countries. An agreement on forming the committee was signed by Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin and Beninese minister of Foreign Affairs and Cooperation Frederic Affo here today. The Beninese minister and his party left here this afternoon for Korea.

PENG CHONG MEETS BENIN PUBLIC HEALTH MINISTER

OW301200 Beijing XINHUA in English 1132 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) — Peng Chong, vice-chairman of China's National People's Congress Standing Committee, met here today a Beninese health delegation led by Minister of Public Health Andre Atchade. Peng briefed the visitors on China's public health work. The delegation is leaving here tomorrow to visit Yinchuan and Shanghai.

SHIJIE ZHISHI COMMENTS ON MIDDLE EAST ISSUES

HK271241 Beijing SHIJIE ZHISHI in Chinese No 12, 16 Jun 86 pp 2, 3

[Article by Sun Kun, Hu Zhen, and Li Rong: "The Troublesome Current Situation in the Middle East" -- capitalized passages published in boldface]

[Text] Disturbances have arisen repeatedly in the Middle East since the beginning of this year. New contention is underway between all forces centering on complicated contradictions. New crises are incubating in the Middle East situation.

1. Internal Relations Between Arab Countries Are Always Changing and New Combinations Are Emerging, But They Are Suffering From Disintegration

Jordanian King Husayn announced on 19 February that "it is impossible to continue political coordination with the PLO leadership," and has in essence suspended the Jordanian-PLO accord, which existed for only 1 year. There are troubles again in the course of Middle East peace talks. At this juncture, new disintegration and reorganization inside the Arab world has begun.

JORDAN AND PALESTINE PART COMPANY. King Husayn has hoped to recover Jordan's lost territory on the West Bank of the Jordan River through Jordanian-Palestinian and U.S. Israeli talks, before the issue of Palestine's self-termination is resolved between Jordan and Palestine. Therefore, he hoped that 'Arafat would make concessions, and openly announced his acceptance of UN Security Council Resolutions 242 and 338. However, the PLO holds that until Palestine's right of self-termination is guaranteed, the PLO will never accept those two resolutions. At present, Jordan is continuing to bring pressure to bear on 'Arafat. The disputes between them are not likely to be overcome, although Egypt and Iraq have been mediating between them.

EYE-CATCHING SYRIAN DIPLOMATIC TRENDS. Under the sponsorship of Saudi Arabian Crown Prince 'Abdallah ibn 'Abd al-Aziz, Syrian Prime Minister 'Abd al-Kasm and Jordanian Prime Minister Zaid al-Rifa'si met on two occasions in Saudi Arabia's Jeddah and Riyadh in September and October 1985 respectively. Toward the end of 1985, King Husayn visited Syria, and actively bore his own responsibility in some disputes between the two parties. Jordan and Syria rapidly reconciled. On 5 May, President al-Asad paid a reciprocal visit to Jordan. It is reported that Al-Asad's recent trip was to explore the possibility of Syrian-Jordanian military coordination in dealing with Israel's invasion.

The coming together of Syria and Jordan has created conditions for improving relations between Egypt and Iraq. Both the Egyptian and Iraqi leaders have expressed their desire to improve relations with Syria. Syria's relations with the Gulf states have also somewhat improved. Saudi Arabian Foreign Minister Sa'ud al-Faysal Al Sa'ud and Sabah al-Ahmad al-Jabir As-Sabah, Kuwait's deputy prime minister and concurrent foreign minister, have both visited Syria and met Syrian President al-Asad this year. President al-Asad pledged to oppose the expansion of the Iran-Iraq war to other Gulf states. Recently, the Jordanian king has shuttled between Iraq and Syria and made important progress in mediating the relations between Syria and Iraq. Syrian and Iraqi heads of state will hold talks in Jordan in the not-too-distant future. President al-Asad has met PLO Political Department Director Faruq Gaddumi, and openly expressed that he would not oppose the return of 'Arafat's armed forces to the southern part of Lebanon.

In the course of improving the relations between various Arab countries in breadth, troubles have arisen in the relations between Syria and Lebanon. In late 1985, Syria promoted the peace negotiation among Lebanon's three major militia organizations; however, it was nipped in the bud because of strong opposition by the Christian sect. Nor did Lebanonese Prime Minister Rashid Karami support the tripartite negotiation. Syria is rather disappointed in the development of Lebanon's situation, but nothing can be done because of the containment of many factors.

RECONCILIATION AMONG DIFFERENT PLO FACTIONS IS FERMENTING. As soon as Jordan and Palestine parted company, 'Arafat immediately tried to improve the relations among all factions of Palestinian organizations. Algerian President Chadli Bendjedid proposed on 8 April 1986 that a reconciliation meeting be held in Algeria for all PLO factions. The Al-Fatah headed by 'Arafat took the lead in response to the proposal, while other factions have also approved it with conditions. At present, preparations are under way through various channels of negotiation. However, as the factors in the disputes among various PLO factions are complicated and long-standing, it will not be easy to realize reconciliation.

ARAB SUMMIT MEETING ABORTED AGAIN. Since the 1982 12th session of the Arab summit was held in Fes, the 13th session of the summit has been postponed time and again.

After the U.S. attack on Libya in 1986, the ministers of foreign affairs agreed to call the summit on 3 May. However, because serious disputes exist on such major issues as the U.S.-Syrian conflict and the Iran-Iraq war, the meeting had to be "indefinitely postponed." Although a momentum of wide contacts and strengthening unity between various Arab countries has emerged at present, internal contradictions between them remain complicated and difficult to deal with. It will be very difficult for them to adopt unanimous position on many important issues, which will in turn weaken their strength in opposing Israel's aggressive expansion.

2. Israel Couples Threats With Promises, Getting All the More Furious, and Is Threatening Military Action Against Syria.

With U.S. support, Israel is adopting the strategy of coupling threats with promises towards the Arab countries. During his U.S. visit, Israel's Prime Minister Shimon Peres dished up the "Mideast Marshall Plan," and proposed that Western developed countries provide a development fund of between $25 and $30 billion, of which $7 billion is to be used in aiding such countries as Egypt, Jordan, Syria and Israel, which are having financial difficulties, in an attempt to make economic cooperation a breakthrough in realizing the political negotiation and peace coexistence between Israel and the Arab countries. Many Arab countries have pointed out that this is "an evil plot with aid funds in one hand, and Phantom planes in the other," in an attempt to rope in some Arab countries so as to isolate the PLO and other Arab countries.

Meanwhile, the United States and Israel have continuously claimed publicly that Syria has participated in terrorist activities, and have openly plotted to launch a "limited and lightening war" on Syria. Israel is actively making war preparations, mobilizing all those in the reserve service, and calling back all military officers studying abroad. It has deployed 27,000 troops and 1,700 tanks in the areas south of the border of Lebanon.

When the United States succeeded in its second air raid in Libya, Israel was encourged because Washington has condemned Syria for going in for terrorism. Under the pretext of striking blows at terrorists, Israel has threatened war against Syria, and its purpose is to greatly reduce Syria's military strength, to sabotage Syria's efforts to realize its "strategic balance" with Israel, and to further force Syria, Jordan, and Lebanon to make peace with Israel on this basis.

As a tit-for-tat measure, Syria has reinforced its military deployment in Golan and Bekaa, increased the number of troops stationed in Lebanon from 20,000 to 50,000, and stepped up its import of new-type guided missiles, MiG-29's, and tanks from the Soviet Union. The Syrian leader has said that should Syria come under attack, the Syrian Army would counterattack at any place with whatever weapons they have. Meanwhile, Syria is doing its best to relax its tense relations with the United States and Israel. The Syrian leader says, Syria does not go in for terrorism; on the contrary, it is the target of terrorism. Syria will do its best to set free the hostages held in Lebanon. Syria has no intention of being antagonistic toward the United States, but is has to look to its self-defence. The Syrian leader pointed out on 18 May: "The tense situation between Syria and Israel has relaxed somewhat." Because of Syria's military strength, which is not to be neglected, and the clauses on military cooperation in the Syrian-Soviet friendship treaty, the United States and Israel have to think twice before they take any action. Israel's Prime Minister Peres has also stated that Israel has no intention of attacking Syria," "The danger of war between Israel and Syria does not exist at present." Thus, the touch-and-go military conflict between Israel and Syria is relaxed for the time being. However, the possibility of Israeli-Syrian confrontation remains; for Israel will not turn over a new leaf, it is still ready to resort to force toward Syria and Jordan.

In October this year, Peres will transfer his power to the Likud Party's Shamir. Whether Peres will go in for a new military venture in order to gain some ground in delaying his transfer of power, and whether the Likud will adopt tougher actions, we shall have to wait and see.

3. U.S-Soviet Contention Grows More and More Intense

The United States is actively pushing its "Reaganism" in the Third World. In his State of the Union Message and speeches on foreign policy, Reagan has repeatedly stressed "regional conflicts." And U.S.-Soviet contention in the Middle East has intensified since the beginning of this year.

The United States is doing its utmost to maintain its superior position in the Middle East. It has repelled the Soviet Union, in an attempt to manipulate the Middle East peace talks itself. In military affairs, the United States has also beefed up its deployment in the Middle East, set up a "counter-Soviet strategic cooperative system," and held frequent military exercises, getting itself ready to be engaged in "low intensity confrontation." Reagan announced in February this year that the United States would keep access rt 16 seaways under its control, a great number of which are in the Middle East and its neighboring areas. On 24 March and 15 April respectively, the United States attacked Libya under the pretext of punishing terrorism, in an attempt to crush the Qadhdhafi government, and to dislodge the Soviet foothold in North Africa. Meanwhile, the United States has openly threatened Syria and Iran, thus, the Mideast situation has grown extremely tense.

Soviet focus on foreign affairs is on the U.S.-Soviet summit talks and restricting the arms race, and it is doing its best to avoid direct confrontation with the United States in the Middle East. Superficially, the Soviet Union is fairly prudent. However, it is taking advantage of the opportunity of the Arab countries' objection to the U .S. starting a war in the Middle East, and actively infiltrating the Middle East. The Soviet Union continues to support Syria and Libya on a large scale, supplying them with new-type weaponry. In late May, high ranking Syrian and Libyan leders simultaneously visited the Soviet Union, holding discussions on the possibility of a U.S. and Israel attack on Syrian and PLO bases. In addition, the Soviet Union has also adopted a flexible strategy toward Israel, in an attempt to trade with Israel and the United States for consent to its participation in the Mideast peace process with the relaxation of the emigration of Jews in the Soviet Union to Israel, and even establishing normal diplomatic relations with the latter.

4. The Chain Reaction in the Oil Price Slump

Oil is the life blood of the Mideast economy. The world oil price has been falling since 1985, dealing a heavy blow to the economies of the Mideast countries, and intensifying a series of social contradictions. Unstable factors in the political situation in some countries are growing.

The oil income of the six Gulf Corporation Council states dropped from $144.5 billion in 1980 to $68 billion in 1984, and it continued to drop significantly in 1985 and 1986. Saudi Arabia, the "god of wealth" in the Middle East had a financial deficit as high as $12.9 billion in 1985. Most seriously affected are Algeria, Libya, Egypt, Iran, and Iraq. Oil prices will not rise very much for the time being, and the oil producing countries will be in financial difficulties for a comparatively long period; such a condition will force the majority of Mideast states to cut back their budgets, and to reduce the scope of contruction, eventually boosting unemployment rates.

Some countries have reduced their price subsidies because of their financial difficulties, resulting in universal price spiraling, complaints from the masses, and the intensifying of class contradictions as well as the growth of internal contradictions among those in power; the omen of political instability is making itself felt. The extreme religious forces is some countries are on the rise as a result of this opportunity.

Some of the Arab press estimates that the Middle East, the "hot spot," will "become all the more dangerous with the coming of the rainy season and the rising tenperature." The Middle East political climate is always tempestuous, with one storm succeeding another before the previous one is pacified. We can assert that quite a long while from now, the Mideast situation will continue to develop tortuously in turbulence.

YE JIANYING'S FORMER SON-IN-LAW REPORTEDLY JAILED

HK011106 Hong Kong AFP in English 1057 GMT 1 Jul 86

[Text] Hong Kong, July 1 (AFP) — A former son-in-law of top Chinese official Marshal Ye Jianying is in a Beijing jail awaiting trial for drug trafficking and gold smuggling, reports here said Tuesday.

Liu Shikun, a renowned Chinese pianist and formerly married to Marshal Ye's daughter, movie director Ling Zi, was arrested in Beijing in May, the local China-watching magazine CHENG MING reported. The couple are now divorced.

The magazine, quoting sources in the Chinese capital, said the authorities had hesitated to take action against Mr. Liu as "he was the pampered son-in-law of Marshal Ye."

The arrest was only made after Marshal Ye's health deteriorated, the monthly alleged, adding that a scheduled performance here by Mr. Liu with China's central symphony orchestra in September had been cancelled.

TAIWANESE DEFECTOR URGES DEVELOPMENT OF DEMOCRACY

HK020746 Hong Kong AFP in English 0732 GMT 2 Jul 86

[Text] Beijing, July 2 (AFP) -- A Taiwan pilot who defected to the mainland in 1983 has criticized corruption in China and called for further development of democracy, a leading Chinese daily said here Wednesday.

Li Dawei said that despite vast improvements since Deng Xiaoping's policies were introduced in 1978, China still carried a heavy burden of feudalism, the CHINA YOUTH DAILY said.

"As the deputy head of the military academy, even I have some people come to give me presents in an attempt to develop special ties. I curse them and drive them away," Mr. Li was quoted as saying. "Some leaders treat their official powers like a personal belonging. They speak about personal feelings and 'face' but not principles."

"The fundamental way to change this is to develop a high level of democracy and a complete legal system at the same time as developing the economy," Mr. Li was quoted as saying.

Analysts said Mr. Li's call for "democracy" was in keeping with current efforts by China's top leaders to fight corruption among leading cadres by increasing supervision by the masses.

The efforts have recently sparked an academic debate about the need for "political reform" to accompany economic reforms, but the concrete details of the reform have yet to be discussed in the Chinese press, the analysts said.

In a related report, the CHINA NEWS SERVICE said that Mr. Li and Huang Zhicheng, who became the first Taiwan pilot to cross to the mainland since the 1950's in 1981, had both been given new posts.

Mr. Li was now a deputy director of the Military Department in the Central Military Academy, while Mr. Huang was deputy director of the Construction Department in the Air Force Academy, the report said.

SCIENTISTS SEND 'COMPUTERIZED TEXT' VIA SATELLITE

OW011001 Beijing XINHUA Domestic Service in Chinese 0806 GMT 29 Jun 86

[Text] Beijing, 29 Jun (XINHUA) — Scientists of the Academy of Sciences of China computer center and the PLA General Staff headquarters Signal Corps Department recently made use of China's telecommunication, radio, and television satellites and 0520 microcomputers to successfully carry out an experiment of sending computerized texts from Beijing to Kunming and from Beijing to Urumqi. This is another important progress made by China in developing satellite telecommunications following the successful transmission of radio and television programs and telephone signals via satellites.

The use of computers in telecommunications is an integration of computing techniques with telecommunication technology. This is an important part of modern information technology. Linking one computer with other computers via communication satellites has been of great importance in developing communication between computers abroad. It is also of great potential significance in developing communication between computers in China.

In carrying out this experiment, the Chinese scientists successfully made use of ordinary telephone dialing circuits to link satellite signal channels and send texts in Chinese characters as well as in internationally recognized standard codes from one computer to another. They also fully utilised the special characteristics of China's digital communication satellite system to successfully carry out high-speed long-distance data exchange between computers. To successfullly carry out the experiment, the department assigned with the task developed the special software needed to send computerized texts via satellite. It also developed the necessary facilities to link computers with the satellite communication satellite system. The entire system functioned properly during the experiment. More than 1 million bytes of data were accurately sent and received.

According to experts, the capacity of China's communication satellites will greatly expand in coming years. With the rapid development of computer application, the development of communications by using computers becomes an increasingly important task. The experiment's success paves the way and opens up a broad vista for exchanging computerized messages and information via China's communication, radio, and television satellites.

HONGQI CARRIES ARTICLE ON IMPROVING PARTY STYLE

HK010952 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0343 GMT 1 Jul 86

[Report: "HONGQI Says That CPC Is Determined To Achieve a Fundamental Turn for the Better in Party Style" — ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 1 Jul (ZHONGGUO XINWEN SHE) — Today's HONGQI publishes an editorial article saying that in order to achieve a fundamental turn for the better in party style, the CPC will first grasp the work firmly for 2 years and will then continue to tackle it for the next 10 years. It will use practical actions and actual results to prove to the public that it is not just paying lip service.

The article says that during the CPC conference held in September last year, and particularly since the central organ meeting, which was held in early January this year and which was attended by 8,000 people, the central committee has dealt strictly with the work of correcting party style and has been very determined in achieving a fundamental turn for the better in both party style and the general mood of society. It therefore adopted a series of important measures. The leading organs and cadres played an exemplary role. Beginning with themselves, they discarded the work style of paying lip service but doing less. Starting from specific cases, they seriously investigated and dealt with the major and important cases. Now, compared to the case last year and in previous years, the party style and general mood of society have been greatly improved.

The article stressed: China's current reforms and the policy of opening up will not be changed.

The article holds: Though the unhealthy tendencies, economic crimes and other criminal activities are related and the practice, of opening up, they are not inevitable results. It is wrong to feel doubts about reforms and the policy of opening up based just on this. On the other hand, since the causes of economic and other crimes will continue to exist for a long time to come, we must for a long period and frequently wage struggles against and hit at economic and other crimes.

The article says that some people think that reforms have given rise to unhealthy tendencies, or even think that more problems have developed following party rectification. This is a one-sided understanding and not realistic. It should be the case that through the in-depth development of party rectification and reforms, problems concerning party style are further exposed, which makes us become determined in solving these problems. And the aim in solving these problems is just to promote reforms and ensure that reforms, the policy of opening up, and activities and invigoration develop along a healthy path. We must understand thoroughly that the rectification of party style and strengthening of the party organization are long-term tasks that accompany reforms throughout the course of development. Therefore, we must be determined in our understanding and our actions: First, we must be determined in implementing reforms, the policy of opening up, and activities of invigoration; second, we must be determined in rectifying party style. In our actual practice, we must pay close attention to the revolutionary enthusiasm of cadres and the masses. We must not confuse some inevitable mistakes committed in the course of reforms with unhealthy tendencies. Similarly, we must not let people engage in criminal activities under the banner of reform, or let them escape punishment by the party and the state.

ADMINISTRATION ESTABLISHES FINANCE COMPANY IN SHENZHEN

HK300300 Hong Kong AFP in English 0417 GMT 29 Jun 86

[Text] Hong Kong, June 29 (AFP) -- China's State Administration of Exchange Control has approved the setting up of the country's first finance company in the Shenzhen Special Economic Zone (SEZ), the pro-Beijing WEN WEI PO reported on Sunday.

The company, to be run by the Shenzhen SEZ Development Co. is to take deposits in the form of foreign exchange and will offer various other financial service geared to foreign-exchange operations, the report said.

The Shenzhen SEZ Development Co. has built up commercial relationships with more than 170 overseas corporations since it was set up in late 1981, the report noted. The Shenzhen SEZ, bordering Hong Kong, is one of four such zones created by China in 1980 to attract foreign capital and technology.

CUSTOMS RULES ON ADVERTISEMENT ITEMS REVISED

OW012328 Beijing XINHUA Domestic Service in Chinese 1357 GMT 1 Jul 86

[Text] Beijing, 1 Jul (XINHUA) -- In order to promote foreign trade and international economic and technical cooperation, the PRC Customs General Administrations has revised and reissued the "Rules of the People's Republic of China on Supervision and Control Over Imports and Exports of Samples and Advertisement Items."

The new rules relax the control over samples and advertisement items and raise the limit for exemption from customs duties. According to the new rules companies and enterprises approved by the state for doing import and export business are no longer required to present import or export licenses to customs when importing or exporting samples and advertisement items, and customs will inspect and release such samples and advertisement items on the basis of the customs declaration forms for imports or exports filled out by the companies or enterprises concerned.

As for the imports and exports of samples or advertisement items by other enterprises and institutions, if they are in reasonable quantities and no more than 1,000 yuan in value as determined by customs, no import and export licenses need be presented to customs. Customs will inspect and release such samples and advertisement items on the basis of the certificates issued by the competent authorities concerned. If they are not in reasonable quantities or if their value is over 1,000 yuan as determined by customs, they will be inspected and released on the basis of the documents of approval issued by the economic and trade administrative departments.

For samples and advertisement items that belong to the category of products prohibited by the state for import or export or belong to the category of controlled imported or exported commodities requiring import or export licenses, it is imperative that import or export licenses be applied for according to the pertinent regulations established by the state, unless approval to waive the license requirement is obtained from customs. The original rules state that a duty should be paid according to the pertinent regulations if the total value of a batch of samples or advertisement items exceeds 50 yuan. The new rules stipulate that a batch of samples or advertisement items valued less than 200 yuan is exempt from duty, and that if it is over 200 yuan, the excess portion requires payment of duty and product tax (or value-added tax).

The new rules have been put into effect today.

FUJIAN TOURIST ZONE FOR TAIWAN COMPATRIOTS PLANNED

OW011200 Beijing XINHUA in English 1147 GMT 1 Jul 86

[Text] Fuzhou, July 1 (XINHUA) -- A tourist zone is planned for Taiwan compatriots in Quanzhou, an ancient cultural and port city in the coastal province of Fujian, southeast China, according to local authorities.

A group has been set up to take charge of the construction of the zone, centered on Chongwu town. The provincial and municipal authorities have jointly repaired the town wall and built a road to it with an investment of 400,000 yuan. They plan to build the zone into a summer resort by opening a swimming beach and a coastal recreation area and beautifying the environment.

Additional attractions are on the bay bordering Nanan and Jingjiang Counties, including a memorial hall, mausoleum and other places connected with national hero Zheng Chenggong (1624-1662), who drove the Dutch imperialists out of the island of Taiwan. Included in the zone are also a 2,070-meter-long stone bridge with a history of 848 years and a monastery with a 1,000-handed statute of Guanyin (goddess of mercy). Many of the relics have been repaired over the past few years.

Since Quanzhou and Taiwan are separated by only a narrow strip of water, about 40 percent of the people on Taiwan Island have their ancestral homes in the mainland city. The city plans to build 10 more tourist zones in the next five years.

BEIJING GET-TOGETHER MARKS CPC ANNIVERSARY

OW011234 Beijing XINHUA in English 1208 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- More than 20,000 veteran officials gathered in the Great Hall of the People here this evening to mark the 65th anniversary of the founding of the Communist Party of China (CPC).

The CPC, China's leading party, was founded on July 1, 1921, in Shanghai. Among the celebrants were Chinese party, government and Army leaders. But most of them were veteran communists who have retired from the leading posts. Some of them took part in the first revolutionary civil war (1924-27) and the world-famous long march (1934-35), and some made outstanding contributions in this war of resistance against Japanese aggression (1937-45) or in the liberation war (1945-49). All of them have made important contributions to the people's liberation and the building of new China.

In the company of their families, these veterans watched performances of songs, dances, music, acrobatics, traditional Beijing opera and feature films, and played chess and bridge.

The colorful gathering was arranged jointly by the Organization Department under the CPC Central Committee and the Ministry of Labor and Personnel.

BANK TO EXTEND LOANS FOR HOUSING CONSTRUCTION

OW121406 Beijing XINHUA in English 1355 GMT 12 Jun 86

[Text] Beijing, June 12 (XINHUA) -- The People's Construction Bank of China will extend loans up to one billion yuan this year for building apartments to sell to urban workers, the ECONOMIC DAILY reported today.

In an accompanying commentary, the paper praised the bank's plan, which breaks with China's dominant urban housing policy since the 1949 liberation -- assigning apartments and charging negligible rents.

"In the past, China's housing policy was a form of public welfare," the paper said. "But it has been a heavy burden on the state treasury and has not generated funds for new construction -- and still far too many people don't have decent housing."

Beginning in 1979, the government began reforming its housing policy to encourage increased construction, allowing state-owned companies to enter the real estate business, buying land and building apartments for sale.

Although 80 cities in China now allow workers to buy apartments, the practice is still considered experimental and individual owners cannot sell them at will. A 50-square-meter, two-room urban apartment -- which usually means two bedrooms, a hall, a lavatory and a kitchen -- typically sells for about 10,000 yuan.

Buyers are expected to pay one-third of the price. Work units and state agencies pay the rest. Generally, a down payment of at least 500 yuan is required. Usually the worker can pay for the apartment over then or 20 years, with no interest charged.

Rental apartments are inexpensive -- usually under ten yuan a month for two rooms. But work units building rentals have not been able to keep up with their workers' housing needs.

Altogether, the paper said, urban workers have bought 2.26 million square meters of living space over the last five years. Since the housing reform began, the construction bank has loaned 3.9 billion yuan for building housing designed for sale. So far, 1.3 billion yuan has been repaid.

COMMISSION STRESSES COORDINATING KEY PROJECTS

OW291251 Beijing XINHUA Domestic Service in Chinese 1111 GMT 28 Jun 86

[Text] Beijing, 28 Jun (XINHUA) -- In organizing and managing key construction projects in the first half of this year, the State Planning commission has repeatedly urged all localities and departments in charge of capital construction to effectively step up coordination, supervision, and inspection of key construction projects in order to promptly discover and solve problems cropping up in the course of construction and to ensure the completion of key construction projects for the first year of the Seventh 5-Year Plan.

Since the beginning of this year, the State Planning Commission has further coordinated with the State Council departments concerned and with planning commissions and urban and rural construction departments in all localities, and drawn up a number of provisional regulations on intensified management of capital construction projects, calling on these departments and localities to establish and improve management systems and networks and assign liaison personnel to all key construction projects for promptly transmitting instructions, accurately reflecting conditions, resolutely implementing policies, and handling problems with decisiveness. The State Planning Commission has also regularly held coordination meetings or set up on-the-spot offices to help quarters concerned solve problems caused by lack of coordination in the course of construction. Moreover, the State Planning Commission has enforced a biannual general inspection and management briefing system for all key construction projects in the country. The general inspection and management briefing for the first half of this year was held recently.

The number of key projects organized by the state within a reasonable construction period has increased from 169 last year to 190 this year. Judging from the recent general inspection and management briefing, although the construction pace of these projects has been faster that the national average, problems remain in planning because the tendency of overextended investment in fixed assets in the past 2 years has not been brought under control, and the financial and material resources the state has concentrated on these projects can only meet basic needs. A number of projects involving a large construction scale and advanced technology are having coordination difficulties with departments concerned in tackling problems in designing and construction. In this connection, the State Planning Commission has urged all localities and departments concerned to pay close attention to the work in the following four fields:

It it necessary to earnestly conduct an inventory of projects under construction and to make determined efforts to suspend or postpone projects with inadequate construction conditions or poor economic results, as well as unnecessary redundant projects, in order to release some financial and material resources to complete key construction project.

In is necessary to step by step ensure funds, materials, equipment, labor forces, and coordination with relevant quarters for key construction projects, especially those that have been started this year. It is necessary to set a reasonable construction period and strictly enforce the investment responsibility system. Projects that lack the conditions for meeting a reasonable set construction deadline can only be regarded as reserve projects, and should not be started.

As for key projects and other large and medium-sized projects that are to be put into production this year, it is necessary to do a good finishing job, make adequate preparations for production, and earnestly complete acceptance tests. It is especially important to conduct an evaluation of the completed project and receive proper feedback in order to provide useful reference for future construction of similar projects.

In order to ensure the supply of funds, materials, and equipment for key projects and their auxiliary facilities, all localities and departments should actively coordinate with one another in regulating material surpluses and deficiencies, aside from the contracted supplies by departments concerned. No department or unit is allowed to divert, for other purposes, funds and materials intended for these projects and their auxiliary facilities.

BEIJING STUDENTS VOLUNTEER LABOR OVER SUMMER

OW301840 Beijing XINHUA in English 1544 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) -- More than 25,000 of Beijing's University students will do voluntary labor, technical consulting and other jobs throughout China over summer vacation this year, the BEIJING DAILY reported today.

The paper said the number of applicants for the work far exceeded the number of available jobs for the vacation period, which begins between July 10 and 20 and ends in late August. Beijing has 62 universities and colleges with nearly 123,000 undergraduates and 16,000 graduate students.

Organized by the Youth League and the Students' Federation, the summer program will send 1,000 Quinghua University students to work at the Guanting reservoir, in the Shijingshan power plant in Beijing and on four major projects in Tangshan City in Hebei Province.

Students from a dozen other colleges, including the Beijing Engineering University, the Beijing medical college, will study conditions and work in remote mountain areas in Hebei, Jiangxi, Shaanxi and Shanxi Provinces.

Graduate students from Beijing University and the Beijing People's University will train teachers, managers and legal workers in Yunnan and Guizhou Provinces and the Xinjiang Uygur Autonomous Region, one of the most undeveloped areas of China, in the northwest.

Undergraduates and graduate students from the Beijung Agricultural Institute and the Agricultural Engineering Institute will teach farming techniques in poor areas of Gansu Province, in northwest China.

Another 6,400 students from 40 colleges will lecture on culture and industrial and farming techniques to soldiers in the People's Liberation Army while learning about military affairs and revolutionary traditions.

Students of drama and film will arrange for performances and promote amateur cultural activities in factories and the countryside while they study conditions and work there.

AGRICULTURAL MODERNIZATION PROGRAM LAUNCHED

HK010428 Beijing CHINA DAILY in English 1 Jul 86 p 1

[By staff reporter Zhu Ling]

[Text] The Chinese Academy of Agricultural Sciences is launching a programme to develop advanced technology for the modernization of the nation's agricultural production.

Professor Liu Zhicheng, the academy's vice-president, told CHINA DAILY yesterday that the plan was to equip the country's agricultural sector with computer and bio-technology "which suits our actual conditions."

The move, he said, was aimed at making efficient use of the country's limited arable land and encouraging the cultivation of more and higher-quality crops.

China has 130 million hectares of cultivated land, but while its population is increasing by more than 10 million a year, its cultivated land is dropping by 970,000 hectares annually, mainly because of the rapid expansion of township industries and rural housing.

"While the State is making the Land Law, which has just been approved by the Standing Committee of the National People's Congress for operation in 1987, we must focus our efforts to develop new and high technologies which are long overdue," Liu said.

A bio-technology research centre was officially launched in the academy last week, he said. The academy is China's highest research body in agricultural science.

"It will be trying to alter natural reproduction to produce new strains of plants and animals that are of higher quality, have higher productivity and are disease resistant" he said.

The vice-president said China would give priority to the research and development of biology techniques that could be translated into productivity in the short term. He said such techniques would play a decisive role in the country's agricultural development by the end of this century.

Between 1981 and 1985, developments in agricultural science contributed an estimated 35 percent to the total rise in agricultural output. In the next five years, they must contribute at least 50 percent, Liu said. The professor also stressed the need for extensive research into such techniques as hybridization of crops, artifical insemination, and genetically engineered vaccines.

The academy will step up its exchanges with foreign colleagues by establishing 10 laboratories in which foreign specialists will be employed to help with research work.

As for computer technology, which is still rarely used in rural China except for some state farms and a few counties mainly in Zhejiang Province, Liu said that his academy would develop and popularize its use in irrigation, fertilizer spreading, disease prevention and pest control as well as output forecasting and plan drawing.

He said an immediate and long-term plan was being drafted to apply computer technology to every sector of rural farming.

The Chinese Academy of Agricultural Sciences, staffed by about 5,000 agro-scientists and researchers, has so far achieved important results in its attempts to improve the land, prevent and treat wheat diseases, and improve artificial insemination techniques, Liu said.

The academy has also developed more than 50 new tracing chemicals that China used to have to import. These chemicals are used in the study of insecticides, herbicides and chemical fertilizers and their impact on insects, grass and public health.

Since 1981, the academy has increased the use of computers, setting up computerized data banks to facilitate the development of new strains of rice, wheat, corn, silkworms, poultry and livestock.

INCREASE IN JAN-MAY STEEL OUTPUT REPORTED

OW111326 Beijing XINHUA in English 1226 GMT 11 Jun 86

[Text] Beijing, June 11 (XINHUA) -- China produced 21.2 million tons of steel in the first five months of this year, 10.5 percent more than in the same period of last year, according to the Ministry of Metallurgical Industry.

Steel increase is higher than for the country's industry as a whole, a ministry official said.

During the period, 16.8 million tons of rolled steel, which is in short supply, was produced. The increase was 9.6 percent. Almost 20 million tons of pig iron was turned out, 13.8 percent more than in the same period of last year.

The official said that responsible for the increase was the Baoshan steelworks in Shanghai, which went into production last September. It has a daily output of 6,000 tons of steel and 7,000 tons of pig iron. China reduced 46.7 million tons of steel last year. The goal for this year is 49 million tons and 44.8 million tons iron. Officials of the metallurgiccal industry said they were optimistic the goal could be met.

LI PENG CHAIRS ENVIRONMENTAL PROTECTION MEETING

OW012349 Beijing Domestic Service in Mandarin 1100 GMT 30 Jun 86

[Text] According to our reporter Xu Yongqing, the State Council's Environmental Protection Committee held its seventh meeting in Beijing today to discuss, in particular, the control of water pollution and related questions. Vice Premier Li Peng presided over the meeting and delivered a speech.

Some 32 billion cubic meters of waste water are discharged yearly in the entire country, three quarters being industrial waste water. Most was discharged without treatment causing considerable economic loss. The problem of ground water pollution in cities is also very serious. According to records monitored in 18 cities which rely on ground water as their main water source, 17 cities have contaminated ground water problems. Formulating a technological policy to control water pollution and adopting measures to timely reduce such pollution are impending environmental protection tasks of our country.

Today's meeting examined, discussed, and approved in principle the provisions of a technological policy aimed at controlling water pollution and regulations on controlling ship salvaging operations to prevent environmental pollution.

LI PENG OPENS ORDNANCE INDUSTRY PRODUCTS FAIR

OW011447 Beijing XINHUA in English 1414 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) — An industrial fair showing technology and products China's ordnance industry develops and makes for civilian use opened at the Beijing Agricultural Exhibition Center today.

Vice-Premier Li Peng cut the ribbon for the 10-day fair, sponsored by the Ordnance Industry Ministry. Taking part are 300 defense industry enterprises, research institutes and colleages from across the country. On display are items including a 36-ton mining dump-truck built under a Sino-U.S. cooperation plan, heavy-duty trucks and pickups, oil drilling equipment, sports guns and ammunition, motorcycles, refrigerators and cameras. There are also picture and models showing technical results achieved by ordnance enterprises in such areas as metallurgy, machine-building, electronics, energy, transport, light industry and environmental protection.

The ordnance industry now produces more than 700 types of goods for civilian use, compared with 64 six years ago. The output value of these goods accounts for one-third of the industry's total.

300 Factories Participate in Fair

HK020250 Beijing CHINA DAILY in English 2 Jul 86 p 1

[By st[illegible] reporter Zhu Ling]

[Text] The country's largest-ever ordnance industry technology fair opened in Beijing yesterday and is expected to "give enormous impetus to the industry's drive to switch from military to civilian production," according to Zou Jiahua, Minister of Ordnance Industry.

The 10-day fair at the Beijung Agricultural Exhibition Centre is intended to be a "grand review" of achievements since the industry's massive reorganization in 1980, he added.

The fair also aims to attract worldwide attention to the industry's need for advanced foreign technology to upgrade its civilian role, the minister said.

Nearly 300 of China's major weapon factories and research institutes are displaying 3,000 items involving communications, satellite recovery, robots, lasers and night visibility devices.

The former manufacturers of tanks and machine-guns are also showing 2,400 civilian products ranging from motorcycles and furniture to cameras and sun-sensitive glasses.

The ordnance industry is embarking on a four-pronged drive to further adapt devence technology to domestic and international markets in the face of a sharp drop in military requirements this year.

The ministry's ambitious programme is to reorganize its management, establish export-oriented bases, open up further to advanced foreign technology and equipment, and launch co-operative ventures with civilian industries.

Li Liqing, vice-minister, told CHINA DAILY the ministry was significantly breaking down administrative barriers by launching 24 giant trade groups to manage the overall planning and production of 24 major civilian products, including motorcycles, heavy trucks, light vehicles, metallurgical machinery, clothes manufacturing equipment, household electrical appliances and soft drinks.

The groups will take over management powers from the ministry's administrative bureaux, a major shift from administrative control to direct individual management of trade, thus cutting red tape and duplication of imports.

The ministry is also preparing for a boom in overseas sales by grooming at least 10 of its 190 armament factories as export-oriented production bases.

The first batch of three has just been approved for specializing in exports of motorcycles, plastic machinery and telephones. The motorcycle factory in Chongqing used to turn out bullets.

In the meantime, the ministry is planning to increase its imports of advanced foreign technology and production lines over the next five years to ensure that civilian production can take off at a higher level, Li said.

He said the ministry was negotiating with companies from the United States, West Germany, Japan, Spain, Italy and Holland on imports of technology for the production of heavy trucks, luxury coaches, paints, foamed plastics and beer, through funds raised by itself.

Substantive negotiations, are going on between the ministry and the Benz Company to import West German technology and production lines for 8-20 ton trucks.

In the past five years, the industry has imported 140 items of advanced technology and equipment, including technology for manufacturing motorcycles from Japan, refrigerating technology from Italy, and technology for manufacturing trucks of up to 36 tons from the United States and West Germany.

Ministers from the industries of ordnance and metallurgy are currently putting their heads together for a joint effort to boost the country's annual steel output to 60 million tons by 1990.

Weapons factories are also to manufacture drilling equipment and vehicles for the petroleum industry prospecting in desert areas, Li said.

The output value of civilian products now accounts for 31 per cent of the ordnance industry total. The percentage will soar to 70 percent by 1990, Zou Jiahua said.

FANG YI ON NONFERROUS METALS DEVELOPMENT

OW301329 Beijing XINHUA Domestic Service in Chinese 1429 GMT 28 Jun 86

[Text] Beijing, 28 Jun (XINHUA) -- At the closing session of a national nonferrous metals conference today, State Councillor Fang Yi noted that it is necessary to develop the nonferrous metals industry with relentless efforts, so that the role of China's nonferrous metals resources can be fully developed.

Fang Yi said: Since its establishment, the China Nonferrous Metals Import and Export Corporation, through its efforts and those of its 1.26 million workers and staff, has attained a notable result in creating a situation for the balanced and steady development of the nonferrous metals industry. However, because the supply of nonferrous metals still falls far short of the needs for development of the national economy, the state annually must spend a great deal of foreign exchange to import them. This does not match China's position of being abundant in nonferrous metals resources. This situation will restrain development of the national economy if it remains unchanged.

Fang Yi stressed: In developing the nonferrous metals industry, we must adhere to the principles "everyone participates in developing it" and "the initiative of the state, collective, and the individual should all be encouraged," and must enhance the initiative in all quarters through different levels and various forms of lateral economic associations.

When speaking of the focus in developing the nonferrous metals industry, Fang Yi emphasized: Top priority should be give to the development of aluminum. He said: The importance of aluminum is next only to iron and steel.

The conditions in China for developing the aluminum industry are quite favorable, for we abound not only in aluminum resources, but also in coal and hydropower. Fang Yi called on the Nonferrous Metals Import and Export Corporation not to become an administrative organization.

At today's meeting, the directors of managers of six enterprises, including the northeast light alloy processing factory, signed protocols with the Nonferrous Metals Import and Export Corporation on the quota responsibility system of directors and managers. This system is another reform carried out by the corporation on the basis of implementation of the system of directors and managers assuming full responsibility.

The national nonferrous metals conference opened on 23 June in Beijing.

HU QIAOMU VISITS SHANGHAI EXHIBIT ON CPC HISTORY

OW020101 Beijing Domestic Service in Mandarin 1100 GMT 30 Jun 86

[Text] After adjustment and enrichment, a supplementary exhibition at the First CPC National Congress Memorial Hall in Shanghai will officially open to the public on 1 July.

To respect history and to comprehensively show the First CPC National Congress by seeking truth from facts, the new supplementary exhibition includes for the first time portraits of all 13 participants of the congress and brief biographies on them. They were Mao Zedong, Dong Biwu, Chen Tanqiu, He Shuheng, Wang Jinwei, Deng Enming, Li Da, Li Hanjun, Zhang Gyotao, Liu Renjing, Bao Huiseng, Chen Congbo, and Zhou Fohai. The explanation accompanying the portraits states: Most of the 13 participants were revolutionary intellectuals who accepted Marxism. They knew the historical task of the proletariat, did their utmost to integrate with the worker masses, and became vanguard proletarian fighters. A few were opportunists who were later expelled from the party or became renegades or traitors.

On 21 June, Comrade Hu Qiaomu visited the supplementary exhibition and wrote an inscription for it.

CHEN PIXIAN ADDRESSES LEGAL STUDIES CLASS

OW010106 Beijing XINHUA Domestic Service in Chinese 1202 GMT 30 Jun 86

[Excerpts] Beijing, 30 Jun (XINHUA) -- The opening ceremony of the first study class on common knowledge of law for bureau directors of the party Central Committee and state organs was held this morning in the auditorium of the Beijing Municipal CPC Committee's Party School. Chen Pixian, secretary of the CPC Central Committee's Secretariat and vice chairman of the NPC Standing Committee, attended and addressed the ceremony. He pointed out: This study class will certainly help promote the popularization of knowledge about law throughout the country and it has direct bearing on the strengthening of the legal system.

Summarizing the work of popularizing common knowledge about law throughout the country in the previous period, Chen Pixian fully affirmed the practice of principal leading comrades of 24 provinces, autonomous regions, and municipalities directly under the central government, and that of the PLA and the People's Armed Police in taking the lead in studying and applying laws.

He emphasized the importance of leading cadres' taking the lead in studying laws.

This study class is jointly run by the CPC Central Committee's Propaganda Department, Ministry of Justice, the party committee of organs directly under the CPC Central Committee, and the party committee of central state organs. This is the very first time since nationwide liberation that leading cadres have concentrated their time and energy on law study. Over 520 are attending the 4-week first class.

Wang Daming, deputy director of the Propaganda Department of the CPC Central Committee, presided over the opening ceremony. Zou Yu, minister of justice, attended.

LEADERS MEET INDUSTRIAL WORKERS' DEPUTIES

OW280359 Beijing XINHUA Domestic Service in Chinese 1417 GMT 27 Jun 86

[Text] Beijing, 27 Jun (XINHUA) — At the Great Hall of the People, Ulanhu, Wan Li, Yao Yilin, Hao Jianxiu, Song Renqiong, Wang Shoudao, Zhu Xuefan, Rong Yiren, Hu Ziang, and other leading comrades this afternoon met with the deputies attending the third national congress of workers (commune members) who work for the collective light industrial enterprises, and posed for a group picture with them.

DENG YINGCHAO VISITS REVOLUTIONARY CEMETERY

SK270913 Shijiazhuang HEBEI RIBAO in Chinese 14 Jun 86 p 1

[Excerpt] At 1110 on 13 June, Deng Yingchao, chairman of the National CPPCC Committee, paid a visit to the cemetery of revolutionary martyrs of the North China Military Region to lay wreaths in front of the tombs of Doctors Bethune, D.S. Kotni, and Edward, fighters of internationalism.

DENG YINGCHAO AT HEBEI COLLEGE FOUNDING ANNIVERSARY

SK271217 Shijiazhuang HEBEI RIBAO in Chinese 14 Jun 86 p 1

[Excerpts] When Deng Yingchao, an elderly alumna of the Hebei Teachers Training College and chairman of the National CPPCC Committee, and Comrades Xing Chongzhi, Li Wenshan, and Yin Zhe, accompanying her, took their seats on the rostrum of the rally to mark the 80th anniversary of the founding of the college on 13 June, nearly 10,000 participants, including teachers, students, and working personnel of the college and alumni from different parts of the country, and representatives from various universities and colleges throughout the province, warmly gave a standing ovation to express welcome and thanks to Comrade Deng Yingchao who paid a special visit from Beijing to attend the college's founding anniversary and to extend respect and thanks to the revolutionaries of the old generation who show concern for and pay attention to teachers training education. At that time, the Hebei gymnasium, the site of the meeting, was teeming with excitement.

Song Shudai, secretary of the CPC Committee of the Hebei Teachers Training College, delivered an opening speech. Li Mengxing, president of the college, made a report.

Li Wenshan, deputy secretary of the provincial CPC Committee, made a speech at the rally.

COMMUNICATIONS MINISTER INSPECTS SICHUAN SITES

HK020253 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 30 Jun 86

[Text] Communications Minister Qian Yonghang recently went deep into eight prefectures and cities of our province to inspect in detail the situation in building bridges and roads and harnessing rivers. He put forward many valuable views.

He affirmed that the outlook of communications of our province has undergone a relatively big change and expressed satisfaction with the work done, achievements scored, experience gained, the Seventh 5-Year Plan, and reform being carried out.

Regarding our province's future work, he pointed out:

1. It is necessary to adhere to reform and to put reform above everything else. Through reform, we must impel development.

2. It is essential to strengthen the key project construction. With emphasis laid on the central part of Sichuan, we must lay stress on building roads. We must help the western part develop shipping work and fully use the strong points of the original water transport to improve the outlook of the old liberated areas.

3. It is imperative to continue doing well in grasping the building of two civilizations, particularly the building of spiritual civilization.

4. It is necessary to work out a long-term plan for communications. On the basis of carrying out the Seventh 5-Year Plan, we must carry out the plan for development by the year 2000.

YANG SHANGKUN, OTHER LEADERS MOURN COMRADE'S DEATH

OW271429 Beijing XINHUA Domestic Service in Chinese 1450 GMT 26 Jun 86

[Excerpts] Beijing, 26 Jun (XINHUA) -- Comrade Sun Yizhi, former director of the Public Health Department of the PLA General Logistics Department, passed away in Beijing on 18 June 1986 at the age of 80. A ceremony to pay last respects to Comrade Sun Yizhi's remains was held in the auditorium of the Babaoshan cemetery for revolutionaries this afternoon.

There were wreaths from Chen Yun, Yang Shangkun, Yang Dezhi, Yu Qiuli, Wang Ping, Ji Pengfei, Ahzng Aiping, Hong Xuezhi, Huang Kecheng, Xiao Jingguang, and Li Juqui.

Yant Shangkun, Yang Dezhi, Yu Qiuli, Wang Ping, and Hong Xuezhi attended the ceremony.

ORGANIZATION MEETING ON THIRD ECHELON THEORY

HK270209 Zhengzhou Henan Provincial Service in Mandarin 1300 GMT 26 Jun 86

[Text] The CPC Central Committee Organization Department has held a study meeting on theories of building the third echelon, to sum up and exchange the fruits of the theoretical study. The meeting was held in Luoyang from 16 to 22 June.

Over 160 persons attended the meeting, including responsible comrades of organization departments of 28 provincial, municipal, and autonomous regional CPC committees, from cadre and personnel departments of a number of central state organs, and some comrades engaged in theoretical studies in universities, colleges, and scientific engaged in theoretical studies in universities, colleges, and scientific research units.

(Li Zhiming) director of the Young Cadre Bureau of the CPC Central Committee Organization Department, presided at the meeting. Comrade Wang Zhaoguo made a speech.

The meeting focused on studying and discussing various theoretical issues in building the third echelon, including the questions of how to improve and perfect the building of the third echelon, the laws governing the maturing of young cadres and methods of training them, and cadre examination methods.

WEIGHTS-MEASURES LAW BECOMES EFFECTIVE 1 JULY

OW220831 Beijing XINHUA Domestic Service in Chinese 1105 GMT 21 Jun 86

[Text] Beijing, 21 Jun (XINHUA) — The "Weights and Measures Law of the People's Republic of China" will become effective on 1 July. According to the State Bureau of Weights and Measures, all preparations have been made for the implementation of the law.

The law was adopted at the 12th Session of the 6th NPC Standing Committee, and promulgated by Presidential Decree No 28.

Since the law was promulgated, people's congresses and governments at all levels, as well as all departments under the State Council, have attached great importance to it and have propagated and studied it in one way or another. They have also taken positive steps to create the necessary conditions for implementing the law, such as setting up enforcement organs, training the necessary personnel, purchasing additional equipment for enforcing the law, and so forth.

Great progress has been achieved this year in promoting the official weight and measurment units throughout the country. Journalistic, publishing, educational and statistical departments have taken the initiative in using the official weight and measurement units. Over 4,000 stores and markets in cities and rural areas have experimented with the change of adopting their new weight and measurement system. Food and edible oil coupons, as well as commodity labels in Beijing, Tianjin, Shanghai and other large cities have started suing the official weight and measurement units. To promote the implementation of the law, relevant government departments have accomplished a whole series of preparatory tasks. They have drafted a dozen or so specific regulations and rules for the law's implementation, assessed and licensed enterprises which manufacture measuring equipment or provide the maintenance and repairing services; thoroughly rechecked the standards and the standard value transmit systems [biao zhun liang zhi chuan di xi tong 2871 0102 6852 0237 0278 6677 4762 4827] of all technical organs; and trained the first group of supervisors. To facilitate the implementation of the law, the State Bureau of Weights and Measures sponsored a class in early June for directors of various provincial and municipal weights and measures bureaus to study the law and unify their understanding of certain major policies for implementing law.

POWER PLANTS GENERATE MORE ELECTRICITY IN 1986

OW011346 Beijing XINHUA in English 1158 GMT 1 Jul 86

[Text] Beijing, July (XINHUA) -- China generated 213.9 billion kwh of electricity in the first half of this year, 7.56 percent more than in the same period last year and almost half of the annual target, according to the Ministry of Water Resources and Electric Power today.

The electric power industry constitutes an important part in the country's Seventh Five-Year Plan (1986-90). At present, projects with a combined installed generating capacity of more than 38 million kilowatts are under construction. And new generators with a total capacity of 5.47 million kilowatts will be set up this year.

Most of projects set to be completed within the year are being construted according to the planned speed, the ministry said. The ministry singled out the Zouxian power plant in Shandong Province, the Iuohe plant in Anhui Province, and the Harbin no 3 plant and the Jinzhou plant in northeast China as those which are being constructed much faster than scheduled. From January to June, China completed high-voltage transmission lines totalling 561 kilometers and transforming equipment of 950,000 kilovolt-amperes.

During the same period, rural hydroelectric power stations with a total installed capacity of 106,000 kilowatts were built. These samll stations produced 11 billion kwh of electricty -- 700 million kwh more than in the corresponding period last year.

NATIONAL MEETING ON MINORITY CLASSICS ENDS

OW011328 Beijing XINHUA in English 0733 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- China will publish new editions of some 700 ethnic minority classics in their original languages, a ranking ethnic minority official said today.

Also planned, said Norbusang, a Monogolian who is vice-minister of the State Nationalities Affairs Commission, is a complete catalogue of the classic texts of China's 55 ethnic groups. The 700 works will include "Meeting With Maitreya," written in the ancient Uygur Language in the eighth or ninth century, historical records from the imperial archives of the Qing Dynasty (1644-1911), and records and classics of the Tibetan, Mongolian, Dai and other ethnic groups. At a six-day national conference on the publication of minority classics which closed here Saturday, Norbusang stressed the importance of preserving rare books, collecting texts from the country's ethnic groups and training personnel in the field.

He said that since the State Council called for collecting classic texts in 1981, China has published more than 300 titles in 10 minority languages, including the "Memorial Ceremony of Genghis Khan," "An Encyclopedia on Eight Banners of the Manchu Nationality," the ancient Tibetan folk epic "King Ge Ser," and "The Great Turkic Dictionary," written by a Uygur scholar in 1074.

According to commission materials distributed at the conference, Chinese ethnic groups "are rich in classic texts." For example, the commission said, the Yis and Tibetans have preserved more than 10,000 titles each, and archives in Dalian, Shenyang and other places in northeast China are filled with historical records of the Man ethnic group. In addition, oral versions of folk poems and legends are scattered throughout rural China, the commission said.

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HK011029 Beijing RENMIN RIBAO in Chinese 1 Jul 86 p 7

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SHANDONG COMPLETES TOWNSHIP PARTY RECTIFICATION

SK300941 Jinan DAZHONG RIBAO in Chinese 19 Jun 86 p 1

[Excerpts] At present, our province has basically completed its township-and town-level party rectification work characterized by a sound beginning, healthy development, and remarkable results.

Our province's township-and town-level party rectification began in January. Thanks to the efforts of the CPC committees at all levels to conscientiously implement the Central directives and to draw the party rectification experiences of the units at and above the county level, and particularly to the powerful stimulation of the 8,000-person rally held by the central authorities, the various city, prefectural, county and township CPC committees have further clarified the guidelines for rural party rectifcation, firmly grasped education on party spirit, and attended to the party rectification work of the administrative and economic units. Their leaders have taken the lead in making rectification and correction simultaneously, thus solving the following five problems in a comparatively good manner.

1. We have further deepened the people's understanding of rural reform and promoted the second step of rural reform and economic development. In the course of rural reform, the CPC committees at all levels have always adhered to the fundamental guiding ideology of taking party rectification to promote and guarantee reform and economic develpment and have closely combined party rectification with the implementation of the central document No 1 and the work of promoting rural reform and economic development.

2. We have enhanced the revolutionary spirit of the party members and cadres in townships and towns and intensified their devotion to work and their sense of responsibility. The ideology and understanding of the township party members and cadres have been greatly enhanced. New changes took place in the mental outlook of the party members and cadres and in the work of the township organs.

3. We have relentlessly checked malpractices and achieved obviously improvements in party style. In township and town party rectification, we have emphasized the work of investigating and checking all kinds of malpractices, particularly the problems of party members and cadres who have abused their power and positions to seek personal gains, and have achieved remarkable results.

4. We have strengthened our sense that "leadership means service," given consideration to the masses on our own initiative, and gone deeply to the grass-roots level to do good things. Since party rectification, most of the cadres in townships and towns have improved their work style, gone deeply to the selected rural units to take responsibility for the party rectification work of villages, served the masses on their own initiative, and helped them solve practical problems.

5. We have clearly defined the work between the party and the government and ended the situation in which party members do not manage party work. In the course of township party rectification, all localities have paid attention to studying ways to resolving the issues of making a distinction between the administration of the party, the government, and enterprises.

Nevertheless, the development of township party rectification is uneven and there is still much to do in the fields of improving party style, strictly observing party discipline, dealing with organizational measures, and displaying the role of party organizations as the fighting bastions.

In order to comprehensively fulfill the party rectification tasks of townships and towns from start to finish, at present, the CPC committee of various counties (cities and districts) are making continued efforts to conscientiously conduct examinations and acceptance tests for the party rectification work of various townships and towns, to attend to the work of giving organizational measures and implementing measures for conducting rectification and making corrections, to give remedial measures for those units which have done bad job in solving problems, and to further consoliate and develop the achievements in township party rectification.

SHANDONG ARTICLE ON IMPLEMENTING CONTRACT SYSTEM

SK300907 Jinan DAZHONG RIBAO in Chinese 17 Jun 86 p 1

[Commentator's article: "Do Not Let the 'Contract System' Stand Aside"]

[Text] Since the beginning of this year, some enterprises in our province have slackened their efforts in the economic responsibility system, while others have not yet worked out their contract plans; and still others have even tended to let the "contract system" stand aside and go back to the situation of "eating from a common big pot." This cannot but make us feel anxious.

The economic contracted responsibility system is a good method gained in the process of the rural reform. Practices over the past few years prove that introducing the "contract system" to the urban areas has helped implement the principle of "distribution according to work, with more pay to more work," and has helped mobilize the initiative of enterprises and workers, thus being a successful way to invigorate enterprises and economy. Of course, we cannot say that the contracted responsibility system, which is a new thing, is perfect and flawless. While implementing this system, some errors and deviations have also been made. For instance, some enterprises have inaccurately estimated the various data necessary for enterprises, and, therefore, their contract targets are not scientific and reasonable enough. Some enterprises' assessment standards are not good enough, which leads to a situation of only paying attention to the quantity but neglecting the quality and consumption. Some enterprises' assessment systems are not strict, thus resulting in the situation of only paying attention to the partial interest. And some enterprises have executed the contracts in a reckless manner, and have presumptuously altered and destroyed contracts. All these problems have mainly resulted from the improper rules, regulations, and systems, the poor measures, and the lack of experience. Through constant improvement, we will be able to standardize and systemize the contracted responsibility system. So long as we approach things conscientiously and distinguish right from wrong, it is not difficult for us to solve the problem of taking advantage of the loopholes in the contract system and reform to seek personal gains and to indulge in evil practices. On no account should we take a skeptical attitude on the correctness of the contract system after seeing some problems emerge in the process of implementation. We should never refrain from implementing the contract system, nor should we go back to the situation of "eating from a common big pot."

It should be noted that during a period of time, owing to the failure in drawing a clear line of demarcation between the legal economic activities and the unhealthy trends, some localities have regarded the remuneration to honoring of contracts as a malpractice of lavish bonuses, thus making enterprises' leaders unable to know what course to take, and also dampening the initiative of workers and staff members.

It must be defined that the bonus for honoring of contracts is reasonable remuneration to the labor of workers and staff members, as well as an expression of the principle of distribution according to work. This is entirely different from the practice of lining one's pockets with public funds in violation of the party and the government policies and by infringing upon the interests of the state and the people. The enterprises are allowed to obtain the bonuses, their shares of profits, and the above-quota portions on the premise that they deal with business in proper ways and pay taxes in accordance with regulations instead of embezzling state revenue. Only by so doing can they enjoy the confidence of the people; can the enthusiasm of the enterprises and staff members and workers be protected; can the enterprises be further vitalized; and can the effective measures for reform be persistently carried out and ceaselessly facilitated.

We must notice that the reform of wage system has created new difficulties in implementing the contracted responsibility system due to the fact that after reform, the fixed wages of the staff members and workers increase while the enterprises' bonus funds are reduced. Thus, from now on we must make conscientious efforts to eliminate these difficulties. However, this must not be regarded as an excuse to neglect the responsibility system and go back to the situation of "eating from a common big pot." When the contract system was first introduced to the cities, the responsibility system was carried out under the circumstances in which bonus funds were limited. The implementation of the responsibility system has greatly aroused the initiative of the enterprises and staff members and workers, thus, a rapid development of production has been facilitated. At present, even if conditions are better than before, the enterprises will certainly suffer declines in their production and income if they neglect the responsibility system and go back to the situation of "eating from a common big pot" only because they lack bonus funds. If they do so, they cannot say for sure that they can afford fixed wages of the staff members and workers, let alone bonus funds. Practices of many localities have proven that the successes in implementing responsibility system do not hinge on the amounts of bonuses but are decided by whether or not they properly applied the system, whether or not their ideological and political work could catch up with their demands, and whether or not they used the system of giving bonuses as a means to reward the industrious and punish the lazy as well as a means to arouse the enthusiasm of the staff members and workers. Recently the central authorities and the province have adopted appropriate measures for creating certain conditions for the enterprises to implement the responsibility system. Only when we persist in the socialist principle of distribution according to work and the principle of grasping spiritual and material civilizations at the same time will we certainly be able to further bring into play the important functions of responsibility system, to better arouse the enthusiasm of the vast number of staff members and workers, and to facilitate a vigorous development of production.

SHANGHAI PLA RECTIFIES PARTY ORGANIZATIONS

OW300718 Shanghai JIEFANG RIBAO in Chinese 24 Jun 86 p 1

[Dispatch by Han Shengbao and Huang Biao]

[Text] The brigade-level and regiment-level units under the Shanghai Garrison District have in the main completed their party rectification recently. In order to strengthen their party committees, these units made efforts to solve major problems of their party organizations, overcome negative aspects, and promote their organizational reform and other work.

As soon as the party rectification began, these units carried out an education in party spirit, and called on the party members and cadres to guide their thinking and deeds with the party spirit. The party committee of the "Ye Ting Regiment" with glorious traditions assumes a correct attitude toward honor and achievements, upholds high standards and strict demands, and has the courage to expose shortcomings. During the party rectification, members of the party committee received more than 30 recommendations and suggestions, analyzed them one by one, adopted corrective measures, and improved the leadership of the party committee. The party committee of a garrison regiment was formed after the strength-reduction reorganization. At first, some comrades thought that "there are no conspicuous problems to investigate because the leading body is new." Later, they dealt with problems left over from the past; studied problems in the leading bodies of other regiment-level units; and solved problems concerning surplus cadres, cadres transferred to civilian work, and Army-government and Army-people relations. The comrades exposed contradictions, seriously dealt with them and thus enlightened the leading body to make a good start of the party rectification. During the party rectification, the district and county People's Armed Forces departments were about to be reorganized into local governments. In order to improve the leading bodies of the party committees and leave no problems to local authorities, the district and county People's Armed Forces departments sternly investigated, dealt with, and corrected unhealthy practices of the leading bodies and firmly solved problems that affected the unity of the leading bodies.

Whether the leading cadres often go to grass-roots units or not has a direct bearing on the quality of a leading body. In view of this fact, the brigade-level and regiment-level units adopted corrective measures and remarkably corrected some party committees' lack of enthusiasm for helping grass-roots units during the party rectification. A garrison brigade proposed that leading cadres should give command "near the front" and exercise direct leadership in the forefront. At the same time, these units also dealt with the malpractice of giving dinner parties and gifts. Now, all units under the Shanghai Garrison District have basically stopped the malpractice of spending public funds on dinner parties and gifts.

In the course of the party rectification, six work groups organized by the party committee of the garrison district conducted a general inspection of brigade-level and regiment-level units with regard to their party style. The work groups comprehensively solicited opinions from the party members, seriously summed up experience and lessons, and universally educated the vast number of party members.

GUANGDONG: LIN RUO ATTENDS CPC ANNIVERSARY RALLY

HK280613 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 28 Jun 86

[Excerpt] The CPC Committee of the organs directly under the provincial CPC Committee held a rally to celebrate the 65th anniversary of the founding of the CPC this morning. The rally called on all party members to faithfully carry out the party's program in the new historical period, spontaneously strengthen their party spirit, and serve the people wholeheartedly.

Provincial CPC Committee Secretary Lin Ruo and Standing Committee member Zheng Guoxiong presented certificates to outstanding party organizations and members.

GUANGDONG RURAL AREAS TO ABOLISH DISTRICTS

HK280615 Guangzhou Guangdong Provincial Service in Mandarn 0300 GMT 28 Jun 86

[Text] The rural areas of Guangdong are about to commence the work of abolishing districts [qu] and establishing township and town [zhen] level governments. The current grass-roots government structure in Guangdong, with districts administering townships and townships administering villages, is out of step with the rest of the country. In order to prefect the building of grass-roots rural government and meet the needs of developing rural commodity economy the provincial CPC Committee and government recently decided to abolish districts and establish township and town government throughout the province, thus forming an administrative setup in step with the rest of the country.

There will be no basic change in the size of the districts after they have been changed into townships or towns. There will be no change in the cadres' pay and conditions. There will be no change in the ownership of collective enterprises originally set up by the townships and villages, nor will the former district and township economic channels be affected.

GUANGXI EXPERIMENTS IN BILINGUAL EDUCATION

OW260746 Beijing XINHUA in English 0707 GMT 26 Jun 86

["News Feature: Guangxi Tries Bilingual Education" -- XINHUA headline]

[Text] Nanning, June 26 (XINHUA) -- Last week the Guangxi Zhuang Autonomous Region graduated its first class of primary school students taught mainly in the language of the Zhuangs, their ethnic minority group.

The 92 students, who from the third grade were also taught in Mandarin Chinese, were part of an experiment in bilingual education designed to promote Zhuang literacy in the countryside. They attended four schools in Wuming County, 60 kilometers north of Nanning, Guangxi's regional capital.

Although more than a third of the region's 38 million residents are Zhuangs, until 1981 Guangxi's schools taught only in Mandarin, the official language of China and the language of the country's major ethnic group, the Hans.

From their first day in school, however, this group of students was taught in Zhuang and used Zhuang textbooks.

Local officials say another 70 students taught in Zhuang will graduate this summer from three schools in Debao County, 200 kilometers west of Nanning.

Prior to the founding of new China in 1949, the Zhuangs had no written language, although their oral tradition has a history of at least 2,000 years. In 1955, language experts hired by the State Council, China's highest governing body, created a written language for the Zhuangs, based on their speech and using the Latin alphabet. Teaching of the Zhuang language was halted during the "Cultural Revolution" (1966-1976).

In May 1980, leaders of the regional government decided to resume promotion of the Zhuang language and set up a language committee, publishing house, newspapers and schools to accomplish the task. More than 17,000 students have received some instruction in Zhuang in the region's primary schools.

According to a local education official, Zhuang is "easy to learn." A peasant "with little or no Han language can read and write Zhuang after about 200 hours of instruction," says the Guangxi official in charge of promoting the language.

Since 1981, regional officials say, more than 100,000 peasants have learned Zhuang, and 90 percent of them can speak, write letters and take notes in the language. Increasing recources will be devoted to promoting Zhuang over the next five years. "After 1990," one Zhuang leader says, "we expect interest in the language to really take off."

BEIJING GROUP HELPS HENAN SOLVE PRODUCTION PROBLEMS

OW300233 Beijing XINHUA Domestic Service in Chinese 1227 GMT 29 Jun 86

[By reporters Li Fufu and Yang Yusheng]

[Text] Zhengzhou, 29 Jun (XINHUA) -- A working group composed of personnel from the State Economic Commission [SEC] and four other ministries and departments has helped enterprises in Henan settle certain urgent problems while conducting on-the-spot investigations and study in the province from 23 to 27 June.

Henan's industrial production has been unsatisfactory since the beginning of the year. The province's industrial growth during the period from January to early June was slow. The output value of machinery, electronics, chemical, and collective industries was lower than that of the same period last year. Furthermore, industrial enterprises' budgets for producing finished products were misused, and production costs and losses were higher than that of the same period last year. Although the Henan provincial government and other relevant departments as well as the industrial and mining enterprises themselves tried hard to change the situation, the results were still unsatisfactory. After being informed of the situation, instead of simply hearing and reading reports and making decisions in Beijing as usual, the SEC promptly designated its member Lu Bing to head a working group -- composed of personnel from the Ministry of Water Resources and Electric Power, the Ministry of Metallurgical Industry, the State Bureau of Materials and Equal, and the Industrial and Commercial Bank of China -- to Henan to study the situation and help solve problems.

After arriving in Zhengzhou on the morning of 23 June, the group members, ignoring their fatigue after the long journey, immediately discussed and analyzed Henan's economic situation with the Henan Provincial Economic Planning Commission, the Henan Electric Power Administration, the Henan Supplies Bureau, the Henan Industrial and Commercial Bank, and the Henan Department of Metallurgical Industry and Construction Materials.

In the afternoon, they divided themselves into three groups — electric power, banking, and raw semifinished materials — and had thorough discussions with the relevant departments in Henan and studied ways and means to deal with the situation. Braving the scorching summer heat, the group members also visited Luoyang, a city with relatively more problems, to conduct investigations and study and have discussions with the relevant departments. In Luoyang, they visited the Luoyang Tractor Plant, the Luoyang Bearing Plant, the Luoyang Mining Equipment Plant, the Luoyang Copper Processing Plant, and the Luoyang Glass Plant to talk with their directors and secretaries to understand the situation. After realizing that the nation's largest tractor plant had virtually suspended one half of its operation because of power shortages and other reasons, the working group supply. Owing to the shortage of 200 metric tons of heavy-gauge steel plates, the Luoyang Mining Equipment Plant had to suspend the manufacture of a set of cement equipment for export. Although the plant tried hard to seek help everywhere, its efforts were to no avail. After being informed of this situation, the working group immediately contacted a steel plant and asked it to produce the type of heavy-gauge steel plates needed by the mining equipment plant as soon as possible.

The working group learned from the investigation that, in addition to subjective factors, certain objective factors such as the relatively serious shortage of electric power, capital, and raw and semifinished materials have handicapped Henan's production growth to a certain extent, causing the slump in the province's industrial production. Thus, on the basis of its investigations and study, as well as Henan's actual needs, the group took immediate and decisive actions to settle more real problems. As for some other broadly based problems that could not be resolved immediately, the working group decided that, after returning to Beijing, it will report them to leading authorities concerned and make the necessary arrangements with the hope that the problems can be settled as quickly as possible, and that Henan can rapidly catch up with other parts of the country in industrial production.

HUNAN: REPORT ON UNHEALTHY TREND OF SENDING GIFTS

HK261149 Changsha Hunan Provincial Service in Mandarin 0900 GMT 25 Jun 86

[Report by (Hu Yueping): "Party-Member Cadres Must Take the Lead in Resisting the Unhealthy Trend of Sending Gifts"]

[Exceptions] After listening to the report of the Hunan People's Broadcasting Station that the burden of sending gifts is heavy and peasants cannot bear it, I am reminded of how often I have thought about how the unhealthy trend of sending gifts was stirred up and how this unhealthy trend will be curbed.

Some people say that the unhealthy trend of sending gifts was brought about by incorrect party style. I think that this point is slightly biased. However, the unhealthy trend of sending gifts is related to incorrect party style. For example, party-member cadres have a certain power in their hands and some cadres have regarded this power as a commodity which waits for the right price to sell. They will give benefits to those who send them more gifts. As a result, when a cadre's family has a happy event, the masses are obliged to send generous gifts. As another example, some cadres are fond of eating and drinking, and so long as they have something to eat and drink, they will not stop things from being done extravagantly. We must hold that this is one of the reasons for stirring up more and more violently the unhealthy trend of sending gifts.

We must first affirm that human feelings are not a bad thing by themselves. Communist Party members have worked hard to eliminate the social phenomenon of people oppressing people and of people exploiting people which is most unreasonable. It can therefore be said that Communist Party members are most amenable to reason. However, the human feelings of Communist Party members are established on the ideological basis of egalitarianism and mutual love. They demand uniformity in outward show and inner thoughts, make no pretense, and disapprove of insincerity. This requires us to pay attention to changing customs in our social contacts, to do new things in a new way, and not to go through unnecessary and overelaborate formalities.

People indulge in the unhealthy trend of sending gifts not just for the purpose of courtesy contacts or friendly contacts. Out of burgeois vanity, some stress fame and go in for ostentation and extravagance. Some want to reap profits from others. Under the pressure of the unhealthy trend of sending gifts, some are obliged to do so. This is actually a sham social contact and is entirely different from the sincere manner, civility, and courtesy advocated by Communist Party members. If this unhealthy trend is allowed to continue, it will make the relations between people become falser and falser and poison the general mood of society.

Therefore, all genuine Communist Party members must adhere to the organic unity between inner moral motive and outward deeds, actions, and manner, take the lead in resisting the unhealthy trend, do their best to do persuasive work well, and work hard to curb this current unhealthy trend of sending gifts which jeopardizes society and make the people's burden heavier. Communist Party members must not shirk their responsibility in the course of curbing the unhealthy trend of sending gifts.

HUNAN SYMPOSIUM ON URBAN SOCIAL ORDER ENDS 30 JUN

HK301430 Changsha Hunan Provincial Service in Mandarin 0900 GMT 30 Jun 86

[Excerpts] The provincial sympopsium on urban social order work which lasted 5 days, concluded in Changsha today. At the symposium, 27 units, including Changsha City, introduced their experiences. (Dong Jiwen), provincial CPC Committee Standing Committee member and Political and Legal Commission secretary of the provincial CPC Committee, delivered a report. Provincial CPC Committee Deputy Secretary Liu Fusheng attended the symposium and spoke.

The symposium stressed: It is necessary to vigorously do well in grasping urban social order and to promote the steady improvement of social order through the province. The common characteristics of the experiences introduced at the symposium are: CPC committees and governments have attached great importance to social order work and really strengthened leadership. In coordination with each other, political and legal departments have fought hard together. Enterprises, institutions, streets, and workers have vigorously participated in this work and comprehensively tidied up social order. Marked achievements have been scored. The number of criminal cases that occurred in Changsha City from January to May this year was 13.8 percent less than in the same period last year.

The symposium summed up the good experiences of these units and studied and arranged for the current social order work. It is necessary to continuously implement the principle of severely and quickly meting out punishment in accordance with the law, to sternly crack down on serius criminals, and to resolutely ban and eliminate the repulsive social phenomenon. It is also essential to crack down on economic crimes.

This symposium was convened by the Political and Legal Commission of the provincial CPC Commitee. Attending the symposium were the responsible persons of 6 cities under the jurisdiction of the provincial government who are in charge of political and legal work, and secretaries of the political and legal commissions and public security bureau directors of all prefectures, cities, and autonomous prefectures and 14 cities at the county level.

HUNAN RADIO ON HARM CAUSED BY IDLE TALK

HK301400 Changsha Hunan Provincial Service in Mandarin 0900 GMT 29 Jun 86

["Sunday Chat" by (Hu Zheng): "Idle Talk Can Only Cause Harm to Our Country"]

[Excerpts] When we are talking about the fact that idle talk will cause harm to the country, many people recall the history of the Wei, Jin and Southern and Northern Dynasties. At that time, metaphysicians applied the thought of the Taoist school to interpret the classics of the Confucian school and in synthesizing the thoughts of the Confucian and Taoist schools, and then proceeded to abstract speculation which deviated from reality, in an attempt to look for an abstruse and remote world. This practice of idle talk caused turbulence and unrest in society. Rulers frequently usurped power, leading to a big split that lasted several hundred years and caused agony for the people.

Metaphysics has now become a thing of the past, but the practice of idle talk has not yet vanished. For example, in reform, many people are bold in practicing and have vigorously explored a way to build socialism with Chinese characteristics, but some people have not conducted investigation and study or seriusly thought with an active attitude about how to solve the practical problems in the course of reform. In the capacity of an outsider, the latter have looked on coldly and are overly critical. If you ask how a thing should be done in the end, these people have no real knowledge or deep insight. When this practice of idle talk comes into vogue in a unit, the unit will hold things up. If we allow the practice of idle talk to spread, it will harm our country.

While we oppose idle talk, it does not mean that we do not want people to conduct discussions. We are carrying out reform because we want to really build the socialist economic system, which is different from the past ossified or semiossified pattern and intrinsically different from the capitalist pattern. To embark on such a large-scale and extremely delicate and complicated social system engineering project, and without previous experience for reference, it is impossible for us to win a victory without bringing the wisdom and creativeness of the whole party and all people into play. Therefore, we not only do not oppose the idea of people conducting discussions, but we mobilize them to conduct discussions. However, this kind of discussion and exposition and idle talk are two entirely different things. While vigorously conducting discussion and exposition, we want to weigh the advantages and disadvantages and to push reform forward with a progressive attitude. In idle talk, people speak indiscreetly and cannot solve problems. Idle talk can only interfere with and hinder reform. Therefore, to do a good job in reform, discussion and exposition is indispensable and the practice of idle talk must be abolished.

Our comrades must therefore firmly remember the lesson in our history that idle talk caused harm to our country. We must strive to shun idle talk and be determined to go the forefront. We must not constantly stay in the organs to make empty comments and big reports. If we indulge in idle talk that is not to the point, people will get bored listening to us and the idle talk will impair the relationship between the party and the masses and hinder the development of the productive forces.

SICHUAN RIBAO ON CURBING SUPERSTITIOUS ACTIVITIES

HK270844 Chengdu SICHUAN RIBAO in Chinese 14 Jun 86 p 1

["Sunday Chat" by Wen Dahui: "Ignorance Must Not Be Encouraged"]

[Text] The winds of superstition are blowing in the rural areas of our province. For example, when a certain person wants to build a house, more often than not he will ask a "geomancer" to practice "geomancy" for the location of his house. When a person wants to choose the site of a tomb, he will ask a "semi-supernatural being" to cut "the dragon's arteries and veins" so as to get a favorable position. More seriously, even to set up a door, people would ask a "censor" or a "Taoist priest" as to its direction, size, and the date for setting it up. What merits attention is that when these persons of dubious character who work with spirits and devils have "gone underground" "to fight as guerrillas," another more ignorant activity has surfaced in the big way "campaigns" are fought. The news reported by SICHUAN RIBAO on 27 April under the title of "Reckless Building of Temples in the Rural Areas of Shehong County Becomes the Order of the Day" is a typical case. The report says: "More than 100 new temples have been built in the 75 villages all over the country." It has also been reported that "similar cases can also be found to varying degrees in many localities throughout the province." From these reports we can thus easily notice the momentum of this wind of ignorance.

Although the deceitful tricks of such people who work with spirits and devils as "geomancers" and "semi-supernatural beings" are becoming less and less workable, they are after all human beings. With his experience in life, even a man "without teeth can probably bite a louse" -- with a rate chance of success. Therefore, there is a possibility for people to deceive other people who are more ignorant than they are for a certain time. In the final analysis, deceitful tricks cannot last long and cheap tricks are bound to be exposed. The mask will ultimately be stripped off by the people who are not ignorant.

Compared with the "geomancers" and "semi-supernatural beings" who are human beings, what ability do the "gods" carved in wood or molded in clay really have? Neither do they have blood and flesh and conscience, nor can they speak and move. They are no more than products of man's imagination and craftsmanship. If they do work miracles, why can they not sweep the dust off their faces? Why can they not save themselves when misfortune befalls them? Why can they not save themselves when misfortune befalls them? Why can they not protect themselves from winds and rains? If they do work miracles, why must human beings "dress them in gold" and build "temples" for them? If they do work miracles, why do the working people in the societies under the exploitation system who earnestly and sincerely believe in them, respect them and look to them for help, still not have enough food and clothing.

The reasons are simple and easy to understand but the faithful turn a deaf ear or a blind eye to the facts. What are the reasons behind this? As I see it, they can be summed up in one word: Ignorance.

The aforesaid news report says: "In pooling funds for building a temple, some people adopted various methods, such as selling 5-yuan-a-bowl 'disaster-fighting cooked rice.' In the short space of a few months, they collected more than 80,000 yuan."

Just think. If the amount of money had been used to improve the township's educational facilities, how much disaster created by ignorance could have been "eliminated?" If that amount of money had been used to improve the township's medical work, how many people with mental "illness" could have been cured?

The concept of worshiping gods and fearing ghosts is incompatible with the concept of science indispensable to modern spiritual civilization. To carry out modernization, we must vigorously encourage science and civilization. Ignorance must not be encouraged.

SICHUAN LEADER HELPS SOLVE PROBLEMS AT NEIJIANG

HK290117 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 28 Jun 86

[Summary From Poor Reception] On 19 and 20 June, provincial CPC Committee Secretary Yang Rudai led responsible comrades of various provincial organs including the policy research office to do on-the-spot work at Neijiang City and help to solve some practical problems there.

After hearing a work report given by the city leaders, Yang Rudai said: "Manpower transfer is the key to Neijiang's economic take-off. Neijiang has good conditions for manpower transfer. It has three counties each with a population for manpower transfer. It has three counties each with a population of 1 million [words indistinct]. The degree of manpower transfer reflects the degree of development of commodity production and also of the peasants' affluence."

When the city leaders reported on the local electricity shortage, which has hampered growth rate, Yang Rudai said that when the expansion of the (?Baima) power plant is completed, 40 percent of the local power shortage will be solved. Yang Rudai said: "Our leading cadres must be bold in reform and practice. They must not be afraid of this and that."

CHONGQING LEADER STRESSES IMPROVING PARTY STYLE

HK300207 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 29 Jun 86

[Excerpts] Chongqing City held a rally yesterday to mark the 65th anniversary of the founding of the CPC, commend outstanding party members and advanced party branches, and make arrangements for achieving further improvement in party style.

Liao Bokang, secretary of the city CPC Committee, spoke at the rally. On the question of how to carry out in depth the work of straightening out party style and promoting a turn for the better in social mood, he demanded that the city organs and the party organizations at all levels take resolute, decisive, accurate, and swift action to investigate and deal with major and important cases. They must devote great efforts to correcting unhealthy trends with sectoral characteristics, and step up education in professional responsibilities, ethics, and discipline.

XIZANG PARTY LEADER URGES STRUCTURAL REFORMS

HK010249 Lhasa Xizang Regional Service in Mandarin 1130 GMT 30 Jun 86

[Excerpts] Xizang Regional CPC Committee Secretary Wu Jinghua said at a meeting convened on 30 June by the regional leadership group for sending cadres down to the rural areas that Xizang is doing the correct thing in grasping structural reform, and the principles and policies advanced by the regional CPC Committee are fully correct and have been commended by leading central comrades.

We must affirm our confidence and unswervingly make a success of structural reform.

Comrade Wu Jinghua said: From a Marxist viewpoint, our current structure is not socialist, and it is imperative to reform it. Otherwise, there is no way out. We are now in the stage when new systems are replacing the old, and the main contradiction is that between the new and old systems. We must speed up reforms and replace the old systems with the new.

Comrade Wu Jinghua made these important remarks at a meeting of leaders of groups going down to the rural areas just after his return from Beijing.

Raidi, deputy secretary of the regional CPC Committee, spoke on the tasks of the work groups sent to the rural areas. He said: There are five characteristics of the current work of sending large numbers of cadres down to the rural areas:

1. The guiding ideology is clear-cut. The groups are publicizing and implementing the central authorities' series of important instructions on work in Xizang and the spirit of the enlarged meeting of the regional CPC Committee Standing Committee, and helping the masses to find ways of getting rich.

2. Their methods are correct. They have changed from issuing orders to providing services. They have appropriately eased the masses' worries and mobilized their enthusiasm for production.

3. Their work style is good, and they have done many tangible things for the masses. The masses are very grateful for this.

4. Their work is thoroughly sound and their discipline strict.

5. They have vigorously promoted investigation and study, got hold of a great deal of first-hand material, and discovered many new situations and problems. They have thus provided a reliable basis for the upper-level party committees and government in guiding work and formulating policies.

Raidi put forward demands on the work of these groups in the next stage. He said: The foundation of Xizang's agricultural and animal husbandry production is very weak. The quality of the grass-roots cadres is poor. The task of the work groups remains very heavy. They must continue to discover new situations and study new problems, and find new ways of solving the problems. They must further help the masses to find ways of getting rich.

YUNNAN'S PU CHAOZHU ON BUILDING MATERIALS INDUSTRY

HK290203 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 28 Jun 86

[Excerpts] Yunnan Provincial CPC Committee Secretary Pu Chaozhu has written an article after hearing that output value of collective enterprises exceeded that of enterprises owned by the whole people in the building materials industry last year.

The article said: Output of the province's building materials industry rose from 177 million yuan in 1980 to 443 million yuan in 1985. During this period output value of state-owned enterprises doubled, while that of collective enterprises increased by 340 percent. The collective enterprises' output value has exceeded that of state-owned enterprises for the first time, while their economic results have improved and their tax and profit payments to the state increased by 200 percent during these 5 years.

BEIJING PLA PARTY MEMBERS DISCUSS RECTIFICATION

OW300109 Beijing Domestic Service in Mandarin 1500 GMT 25 Jun 86

[Text] The Beijing Military Region of the Chinese PLA recently called a meeting of leading comrades of major units of the military region to discuss how to consolidate and develop the achievements of party rectification, and how to further strengthen the party ideologically and in its work style after the party rectifiction is completed.

At the meeting, Qin Jiwei, secretary of the Beijing Military Region party committee, analyzed the situation in party rectification throughout the military region. He proposed concrete measures for consolidating and developing the achievements of party rectification and doing a better job in party building. These measures are:

To apply useful experiences gained in the course of party rectification to party building at ordinary times;

To carry out reorganization and reform measures as a major task in consolidating and developing the achievements of party rectification so that these measures will be implemented more effectively; and

To continue raising party members' political consciousness and have party life regularized and institutionalized.

HEBEI SECRETARY AT FORUM TO HANDLE VISITORS, LETTERS

SK270838 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 13 Jun 86

[Text] The provincial forum on the work of handling visitors and incoming letters from the masses which concluded in Shijiazhuang on 12 June set forth five requirements for further achieving the work.

The five requirements are as follows: We should thoroughly upgrade our understanding, improve our work style, and grasp the work of handling visitors and incoming letters from the masses with a sense of political responsibility and a spirit of reform. We should do creative work and solve problems in accordance with relevant regulations set forth in the policies and principles of the central authorities, in line with local actual conditions, and by seeking truth from facts. We should eliminate bureaucratic work style and advocate the practice in which leading cadres go deep into the masses to conduct investigations and studies to solve problems on the spot so that the tendency of the masses visiting the higher levels will be replaced by that of leading cadres going deep into the grass roots. Leading cadres should strictly make routine the work of regularly and personally handling visitors and incoming letters from the masses. We should strictly carry out the system of each level fixing responsibilities for handling the work. We should further strengthen the construction of the ranks of cadres in charge of the work of handling visitors and incoming letters from the masses by selecting and transferring the comrades with certain political level and with a high sense of political responsibility to engage in the work. We should strengthen supervision and inspection.

Leading comrades of the provincial CPC Committee, the provincial People's Congress Standing Committee, and the provincial government attended the forum. Xing Chongzhi and Sun Guozhi delivered speeches at the forum. Lu Chuanzan made a summing-up speech at the forum.

Xing Chongzhi stressed in his speech: The party and government should regard the work of handling visitors and incoming letters from the masses as a key channel for maintaining contacts with the masses. Through handling visitors and incoming letters from the masses, we can understand the situation of the implementation of policies, cadres' ideologies and work style, the situation of society, and the people's will. In order to achieve the work of handling visitors and incoming letters from the masses, leaders should pay attention to the work, leading cadres should do more solid deeds, and the ranks of cadres in charge of the work should be built well. We should love and care for the cadres in charge of the work, help them solve living and working problems, and support their work.

Wuyi County, Fengnan County, Langfang City, and Nanpi County respectively introduced their experiencesd in handling visitors and incoming letters from the masses, and their experiences were well received by the participants in the forum.

HEBEI'S XING CHONGZHI ENCOURAGES REFORM

SK270932 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 18 Jun 86

[Text] On the morning of 18 June, Xing Chongzhi, secretary of the provincial CPC Committee, called a forum of some plant directors in Baoding City. After hearing reports on reform given by these plant directors, he stressed that party and government leaders at all levels and all pertinent departments should have the courage to support reform, enthusiastically protect the initiative of reformers, and conduct investigations and studies at grass-roots units to help enterprises solve their practical problems arising in carrying out reform in a down-to-earth manner.

In view of the situations revealed in the reports, Comrade Xing Chongzhi pointed out: Reform is a kind of exploration in which there is no ready-made experience. It is unavoidable to commit this or that kind of mistake in carrying out reform. There have been two types of attitude toward problems in reform: One is, proceeding from the viewpoint of supporting and cherishing reformers, to actively help redress problems whenever they are discovered in order to improve the reform continuously; the other is to criticize and deal with the mistakes in reform as the stand, and even take the road back. The latter one is obviously wrong and is detrimental to the development of the spirit of the masses of cadres and people to conduct reform bravely and their initiative in reform. The duties of CPC committees and governments at all levels are, in line with the correct policies of the central authorities, to support and cherish the units, leading bodies, and comrades who have the courage to carry out reform with various measures and help them correct their mistakes and sum up experiences in order to create a favorable social environment for reform and continuously deepen the reform.

In view of the questions raised by the participants, Comrade Xing Chongzhi gave four opinions on supporting reform. First, the power already delegated to lower levels must not be recalled, and efforts should be made to improve the implementation of reform in line with the guidelines of the documents issued by higher authorities whenever problems arise. The power that enterprises are entitled to should be delegated to them earnestly and thoroughly. Second, we should not stress the need for establishing the organs of enterprises in line with corresponding administrative systems and regard the establishment of certain organs as the criterion for examining and approving enterprises as well as the criterion for judging the performance of enterprises. We should give enterprises the power to establish organs.

Third, we should avoid sending investigation groups, especially duplicate investigation groups, to enterprises. Form now on, approval should be obtained from city party committees before sending investigation groups to the enterprises which have achieved good results in reform. With regard to the problems involving the directors or party committee secretaries of large enterprises, city CPC committees and discipline inspection commissions should first hold talks with the persons involved, ascertain the situation, and then decide whether investigations should be conducted.

Fourth, with regard to the issues concerning reform, those which have been correctly handled should be upheld, those which have not been correctly handled should be corrected, and those wrongly handled should be thoroughly rectified without any carelessness.

Comrade Xing Chongzhi fully affirmed Baoding City's achievements in previous reform. He urged leading persons of the city CPC Committee and government and the people throughout the city to face up to the actual situation, overcome difficulties, carry forward the spirit of the foolish old man, carry out reform more successfully, and score greater achievements during the Seventh 5-Year Plan period.

HEBEI PROVINCIAL GOVERNMENT, ECONOMIC NETWORK SET UP

SK280721 Shijiazhuang HEBEI RIBAO in Chinese 19 Jun 86 p 1

[Text] On 17 June, the government affairs and economic information network jointly organized by the government general offices of 12 provinces was established in Shijiazhuang City. As one of the members of the information network, our province sponsored the first annual meeting.

This network will help exchange work experiences and develop lateral cooperation among the government general offices of the membership provinces and whose main activities are to provide government and economic information and data for the membership provinces and to exchange their work experiences. Since the government general offices are the pivot of provincial governments, the establishment of this network will help strengthen ties among the general offices of the various provincial governments, benefit the exchange of experiences of the provinces in reforming their government work and in conducting economic work, and enable the provincial governments to better display the role of think tanks and advisers.

As a principal initiator, the general office of our provincial government started its government and economic information exchange work earlier than the other provinces. Beginning from July 1984, it has gradually reformed outdated work methods and established three information networks including vertical, lateral, and popularization networks among government departments. These networks have provided a great deal of information valuable for making policy decisions for leaders at all levels and have served as advisers to leaders through scientific means. Since the beginning of this year, the information work of the provincial government general office has been laterally developed among other provinces. Through consultation with Hubei and Liaoning Provinces, we have decided to establish a government affairs and economic information network of 12 provinces. The other nine membership provinces are Heilongjiang, Shandong, Shanxi, Henan, Jiangsu, Zhehjiang, Sichuan, Anhui, and Hunan.

On the morning of 17 June, Lu Chuanzan, member of the Standing Committee of the provincial CPC Committee and secretary general; Hong Yi, vice governor; and Liu Bingqing, responsible person of the secretarial bureau [mi shu ju 4434 2579 1444] of the State Council, attended the meeting to extend congratualtions.

NORTHEAST ELECTRICITY SHORTAGE TO BE REMEDIED

OW281158 Beijing XINHUA in English 1132 GMT 28 Jun 86

[Text] Shenyang, June 28 (XINHUA) -- The electricity shortage in northeast China will be alleviated over the next five years, said the director of the Northeast Electricity Bureau here today. Lang Weicheng said that 62 billion kwh of electricity was generated in northeast China in 1985, but the area was still short of four billion kwh. Electrical energy production has been increased by 4.6 percent annually in the past five years, but was still insufficient.

The northeast, including Liaoning, Jilin and Heilongjiang provinces, and part of the Inner Mongolia Autonomous Region, is one of China's important oil, steel, coal, machinery and grain-producing bases.

Lang said that the state and local governments would invest one billion yuan to construct electricity-generating plants auxiliary facilities in the next five years. New generators with a capacity of 5.9 million kw will be installed, and by 1990, the installed capacity of the northeast grid will reach 18.2 million kw. Moreover, seven large electricity-generating plants are to be constructed. Among them, Jinzhou generating plant, with an installed capacity of 1.2 million kw, is one of the nation's key projects. It will not only supply the western part of Liaoning, but also the Anshan steelworks in southern Liaoning when it is completed in 1990.

HEILONGJIANG MEETING COMMENDS ADVANCED PARTY BRANCHES

SK290722 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 28 Jun 86

[Excerpts] On the morning of 28 June, the CPC committees of the organs under the provincial CPC Committee and government held rallies to commend advanced party branches and outstanding party members to mark the 65th anniversary of the founding of the party. The rallies were declared open amid the playing of "the Internationale" Sun Weiben, Zhou Wenhua, Huang Feng, and Wang Lianzheng, as well as other leading comrades of the provincial CPC Committee and government separately attended the two rallies. Wang Yilun, Zhang Ruilin, Wu Cheng, Zhao Zhenhua, (Gao Xitang), Liu Zhenrong, and (Liu Zhimin) who joined the party in 1937, and (Zhao Zhifei) and (Li Chengwen), veteran Red Army soldiers, also separately attended the rallies. Some 79 advanced party branches, 13 advanced party groups, 254 outstanding Communist Party members, and 78 outstanding workers of the party were commended and awarded by the CPC committees of the organs under the provincial CPC Committee and government.

Huang Feng, member of the Standing Committee of the provincial CPC Committee and secretary general of the Provincial CPC Committee, and Du Xianzhong, member of the party groups of the provincial government and secretary general, gave speeches at the two rallies.

The two rallies called on the party organizations under the provincial level organs and their party members to take the advanced party branches and outstanding party members as their examples, to play an exemplary role in raising working efficiency, studying, strictly observing discipline, and strengthening party spirit, to further improve the service of party organs, and to raise their levels in giving guidance and making policy decisions in order to achieve fundamental improvements in the party style of the provincial-level organs within a short period of time.

SUN WEIBEN ADDRESSES HEILONGJIANG PARTY MEETING

SK280851 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 27 Jun 86

[Excerpts] On the morning of 27 June, the theater of the provincial exhibition hall permeated with a joyful and warm atmosphere where the Heilongjiang Provincial CPC Committee was holding a commendation meeting to confer honorary titles on advanced party branches and outstanding Communist Party members.

As the 20 representatives of the advanced party branches on various fronts throughout the province and the 66 outstanding Communist Party members stepped into the theater, warm applause broke out throughout the meeting hall.

Liu Chengguo, deputy secretary of the provincial CPC Committee, presided over the meeting. Huang Feng, Standing Committee member and secretary general of the provincial CPC Committee, read the decision made by the provincial CPC Committee on commending advanced party branches and outstanding party members.

At the meeting, presenting inscribed plaques, certificates, and prizes to the representatives of the advanced party branches and members who have emerged in building socialism and in conducting reforms were leading comrades of the provincial CPC Committee, including Sun Weiben, Hou Jie, Li Genshen, Chen Yunlin, Liu Chengguo, Zhou Wenhua, Wang Yaochen, Li He, Huang Feng, Chen Yuanzhi, and Wang Fei, as well as Wang Yilun, a retired cadre from the provincial level organ.

At the meeting, Sun Weiben, secretary of the provincial CPC Committee, delivered a speech. In his speech, Comrade Sun Weiben stated: Our party has created a new situation in the cause of building socialism and conducting reforms. In line with the new tasks faced by the party in the new historic period. The 12th CPC Congress put forward the obvious demand on the role of Communist Party members in the new period. The 66 outstanding Communist Party members being commended at the meeting have had different experiences and posts. However, their ideology and acts have given a concrete answer to the question of how to be a Communist Party member in the new historic period. The answer includes the practice of firmly fostering communist ideals, consciously upholding the four basic principles, displaying the spirit of pioneering the road of making progress, actively engaging in reforms, serving the people wholeheartedly, and of doing a good job in conducting their professional work in a down-to-earth manner. Efforts should be made to set examples in abiding by the party's discipline and by state policies, laws, and orders and to enhance training in party spirit. While conducting reforms in the objective world, efforts should be made to improve Communist Party members' subjective world as well. In the new historical conditions of conducting reforms and enforcing the policy of opening to the outside world, a great and important task faced by the 100,000 party branches throughout the province is how to bring into play the combat-fortress role of the party branches in line with the demand and provisions set forth by the party Constitution. The advanced party branches being commended at the meeting have provided precious experience for us, which indicates that efforts should be made to be strong, powerful, and vigorous leading bodies. This represents a decisive factor in determining whether the party branches are strong in combat power. The party branches should base their work on ensuring the fulfillment of the task of building the two civilizations and uphold the principle of intensifying education among party members in order to steadily upgrade their quality. They should also have a sound system of democratic life, which is the source of their combat power.

They should enhance discipline inspection work in order to maintain the party's purity in ideology, work style, and organizational systems. In his speech, Comrade Sun Weiben stated:

[Begin Sun Weiben recording] Comrades: The year in which we are celebrating the 65th anniversary of the founding of the CPC is the same year in which we have taken the first step in implementing the Seventh 5-Year Plan. The current and central task faced by the people throughout the province is to unite as one and to make all-out efforts to strive to successfully fulfill the Seventh 5-Year Plan. The provincial CPC Committee hopes that Communist Party members throughout the province will earnestly study the advanced experience and deeds introduced by the party branches and members at this meeting in order to upgrade in an overall way the quality of ideology, politics, culture, and professions. They should actively join the drive to conduct reforms, straighten out party style in down-to-earth manner, score first-grade achievements in their professional work, and lead the masses in making progress. Party organizations at all levels throughout the province should popularize in a timely manner the experience gained by the party branches being commended at the meeting, inherit or develop the fine tradition in party style and discipline, do a good job in implementing the measures for enhancing the building of the party, uphold the principle of making a success in enforcing the party's discipline, and strictly run the party in order to upgrade the party's leadership to a new standard. Only by meeting the demand imposed by the new historic period can we make new contributions to ensuring the successful fulfillment of the Seventh 5-Year Plan and making Heilongjiang prosperous and wealthy. [end recording]

Also attending the commendation meeting were leading comrades of the province, including Bai Jingfu, Zhao Zhenhua, Wang Lianzheng, Liu Zhongli, and Jing Bowen, and secretaries and party members from the provincial and Harbin city level organs, the Songhuajiang prefectural level organs, and party branches at grass-roots levels -- 2,200 persons in all.

On the morning of 27 June, a number of representatives of the advanced party branches and outstanding party members commended at the meeting delivered reports to the broad masses of participating party members to introduce their advanced deeds.

JILIN COMPLETES TRANSFER OF ARMED FORCES DEPARTMENTS

SK290511 Changchun Jilin Provincial Service in Mandarin 0930 GMT 28 Jun 86

[Excerpts] As of 27 June, all 54 county, city and district People's Armed Forces departments throughout the province had been transferred to the local authorities. Some 914 cadres and fighters took off their army uniforms in a cheerful state of mind. Leaders of the provincial CPC Committee, government, and the military district have been concerned about the transfer of the People's Armed Forces departments to the local authorities. They have dispatched 87 work groups on several occasions to help the various people's armed forces departments solve practical problems.

Local governments at all levels throughout the province have allocated more than 144,000 yuan for the People's Armed Forces departments to repair arms and weapon depots and build training bases. Furthermore, they have helped 124 families of People's Armed Forces cadres solve housing problems despite a shortage of houses for local cadres.

GANSU TO ESTABLISH COMMODITY GRAIN BASE COUNTIES

HK280223 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 27 Jun 86

[Excerpts] A provincial conference on the building up of commodity grain bases during the Seventh 5-Year Plan was held in Lanzhou from 23 to 27 June. The meeting designated 26 counties and 95 townships as commodity grain bases.

Beginning this year, the whole country will gradually institute the system of focusing on regional balances in grain. In this new situation, doing a good job of building commodity grain bases becomes a major factor for provincial balancing, whereby there is a self-sufficiency and a surplus in bumper years and an appropriate readjustment in lean years, with the aim of meeting the industrial grain requirements and the food requirements of a new population of 20 million. It is an important strategic measure for gradually achieving self-sufficiency in grain.

In order to overcome the provide's unfavorable factors for grain production and creative very good conditions for it, the meeting put forward the following effective and practical measures: 1) Continue to do a good job in water conservancy construction. 2) Set up systems of agricultural technical services, seed cultivation, and crop protection. 3) Ensure that the funds allocated by the central and local authorities for developing commodity grain production are used in the most effective way.

Provincial CPC Committee Secretary Li Ziqi and Governor Jia Zhijie spoke at the conference. They called on the party and government departments to strengthen leadership, and handle properly the relationship between developing grain production and diversification in the commodity grain areas. Great efforts must be made in supplying science, talent, information, and management. All sectors and trades must continue to provide vigorous support for agriculture and make contributions to building commodity grain bases.

GANSU LEADERS ATTEND PARTY VETERANS' GATHERING

HK010133 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 30 Jun 86

[Excerpts] The provincial CPC Committee Organization Department and veteran cadre work bureau held a gathering of retired cadres and party members on 30 June to celebrate the 65th anniversary of the founding of the CPC. The function was attended by leading comrades of the party, government, and army and cadres of the provincial organs including Li Ziqi, Jia Zhijie, Wang Bingxiang, Lu Kejian, Wang Zhanchang, Wang Shital, and Li Keru.

SHAANXI PLANT MANAGERS DISCUSS REFORM PROBLEMS

HK280147 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 27 Jun 86

[Excerpts] At a forum on urban economic structural reform convened in Xian on 23 June, managers of eight large and medium plants in Xian and Xianyang stressed that enterprise reforms must be supported from all sides, and in particular must be understood and supported by the upper-level leadership.

A small 300-man state-owned plant in Xian has carried out a series of reform measures in recent years. From being a poor plant with poor prospects, the factory has turned into a six-good enterprise with annual profits exceeding 1 million yuan. The manager of this plant said: When certain mistakes occurred in reform, the upper-level departments in charge should have enthusiastically helped us to improve our work and carry out reforms in depth, instead of making it impossible for the plant manager to work. A work team sent by the departments in charge has now been in the plant for 10 months. The team has distracted people and output has fallen. The plant has had to borrow to pay its wages.

The plant managers said: How would anyone dare to carry out reform if such methods are practiced? They pointed out: The CPC Central Committee and State Council have stipulated that enterprise decision-making powers should be expanded and the plant manager responsibility system practices. Most of the powers that should be delegated to the enterprises have not been. They are held firmly in the hands of the departments in charge. Some people hold that if the manager has the power to hire and fire cadres, this will lead to the formation of factions and cliques and to favoritism in making appointments. They are therefore suspicious of the plant manager responsibity system. Some people have even announced the revival of the system of divided responsibility under the party committee's leadership.

In view of this situation, two managers of large enterprises said: In practicing the plant manager responsibility system, the managers and directors of the enterprises are all appointed by the upper-level departments in accordance with the criteria for four transformations of the cadre force and after conducing serious examination. The upper-level departments should believe that the managers they have themselves appointed are capable of using their powers well. The present situation is that if you want to fire an incompetent middle-level cadre, some people will say that you are only getting rid of a dissident. If you want to promote a cadre with the pioneering spirit of reform, some people will accuse you of appointing people by favoritism. As a result, it is very difficult for the plant manager to form a production operations command system with unified thinking and measures.

The plant measures expressed the hope that the comrades in the upper-level leading organs would go down to take a look at the practice of reform, study its realities, fully understand and enthusiastically support enterprise reforms, and create an atmosphere of relaxation and harmony for them.

SHAANXI RIBAO Editorial

HK260347 Xian Shaanxi Provincial Service in Mandarin 0100 GMT 26 Jun 86

[Text] Today's SHAANXI RIBAO frontpages an editorial entitled "Practicing the Plant Manager Responsibility System Is the Trend of the Times."

The editorial says that some Shaanxi enterprises owned by the whole people have now instituted this system. The problem now is that the plant manager's powers have been withdrawn in some places. Some managers cannot actually act as the masters. In some cases the upper levels delegate powers but the middle levels intercept them. Some units have even gone back to the old system of having the party committee exercise leadership. Some plant managers are thwarted in their efforts as they work in a difficult environment, and production suffers losses.

The editorial points out that the main problem to be solved at present in practicing the plant manager responsibility system is, in a word, that of truly delegating powers. A leading central comrade has pointed out that in a certain sense practicing the plant manager responsibility systems means cutting the powers of the party committee over things it should not take charge of in production operations. One of these powers is that of policymaking in enterprise operations, and the other is the power of the plant manager to hire and fire middle-level cadres in the enterprises.

SHAANXI MEETING ON IMPROVING RURAL PARTY ORGANIZATIONS

HK010159 Xian Shaanxi Provincial Service in Mandarin 2230 GMT 30 Jun 86

[Excerpts] Bai Jinxun, member of the Standing Committee of the provincial CPC Committee and director of the Organization Department, pointed out at a meeting on building grass-roots party organizations in the rural areas convened on 30 June that the party organizations at all levels must persevere in reform, strengthen leadership, raise the building of the grass-roots rural party organizations to a new level, and strive to bring about a big transformation in these organizations within 1 or 2 years.

Bai Jinxun said: The province has done a great deal of work in building the grass-roots rural party organizations in the past 2 years. Notable achievements have been scored. However, these organizations are still unable to meet the demands of the new situation in rural economic structural reform and commodity economy development. We must clearly recognize this.

The current task facing the grass-roots rural party organizations is to continually readjust the rural production structure, vigorously develop socialist commodity production, and promote and ensure the victorious fulfillment of the party's general task and goal. These organizations must also continually step up their own building and fully play their role as a fighting force.

He demanded that the prefectural, city and county CPC committees do still better in building the leadership groups of the districts, townships, and villages. They should focus on training, improving, and conducting regular building of ideological style for the grass-roots rural leadership groups. The following three aspects should currently be grasped in education for party members: 1) education in the program of serving the people wholeheartedly; 2) education in the concept of commodity economy and in cultural and scientific knowledge; 3) education in party style and discipline.

Also present at the meeting were Bai Jinian, secretary of the provincial CPC Committee; Bai Wenhua and Li Xipu, vice chairmen of the provincial Advisory Commission; and Tao Zhong, member of the Standing Committee of the provincial CPC Committee. Mou Lingsheng, deputy secretary of the provincial CPC Committee, presided.

NEW DEFENSE MINISTER ASSUMES OFFICE 1 JULY

OW011145 Taipei CNA in English 1014 GMT 1 Jul 86

[Text] Taipei, July 1 (CNA) -- The ROC's new defense minister, Wang Tao-yuan, assumed office Tuesday after a change-over ceremony at the Ministry of National Defense.

Under the supervision of Minister Without Portfolio K.T. Li, Wang received the official seal from his predecessor Adm. Sung Chang-chi. Speaking on the occasion,, Li highly praised Sung for his contributions to national defense development, as Sung has served in many important military posts.

Under Sung's leadership, the military has successfully developed modern defense technologies to beef up national defenses. He has also instituted cut-backs in personnel to save on military expenditures, Li said. Li said that Wang, with his rich experience and spirit of dedication, will surely be able to advance national defense.

Sung also spoke at the ceremony, urging the military to continue striving for progress and innovation in order to transform themselves into an even stronger and more modern force.

In response, Minister Wang pledged that his ministry will work to build up the nation's defenses to safeguard the nation. The militay will follow Presidente Chiang Ching-kuo directives to mold themselves into a lean, tough fighting force, he said.

AMBASSADOR TO ROK DISCUSSES TAIWAN-KOREAN RELATIONS

OW011121 Taipei CNA in English 1055 GMT 1 Jul 86

[Text] Taipei, July 1 (CNA) -- The Republic of China's newly appointed ambassador to South Korea, Tsou Chien, said Tuesday that he believes friendly relations between the ROC and South Korea will be further enhanced because the two countries share the ideals of loving peace and freedom and objecting to the tyrannical rule of the Chinese Communists.

Tsou made his remarks in reply to a query on Sino-Korean relations posed by reporters after he was sworn in Tuesday.

Tsou said that the two nations have maintained good relatins because they are close geographically and culturally. The two Asian democracies have made outstanding advances in economic development in recent years, he said, pointing out that progress and mutual cooperation between the two nations play a very important role in maintaining peace and stability in north Asia.

Tsou also said that he felt honored to serve in his new post. He said he will make unstinting efforts to promote cooperation and exchange in various fields between the two nations.

'NEW STAR' TIAN JIYUN HAILED AS REFORMER

HK240030 Hong Kong NEW CHINA QUARTERLY in English 12 Jun 86 pp 10-12

[By Zhu Minzhi]

[Text] A new star rising on China's political scene is attracting public attention both at home and abroad. He is Tian Jiyun, vice-premier and newly elected member of the Political Bureau of the Central Committee of the Chinese Communist Party.

Tian become Vice-Premier in 1983 at the age of 55. He is now one of the youngest Chinese government leaders. He was appointed Vice-Premier and Secretary-General of the State Council at the Sixth National People's Congress and elected to the Political Bureau at the 5th Plenary Session of the Communst Party's 12th Central Committee held in September, 1985. Since coming to Beijing in February 1981 to serve as the State Council's Deputy Secretary-General, he has peformed many and varied duties with distinction and in particular displayed talent for organizational work and reforms.

Foreign papers describe him as an economist. He is indeed an expert in finance and economics, with wide experience gained since he began working in these fields in 1953. Before he was promoted to the State Council, he served as Director of the Provincial Finance Bureau of Sichuan, the most populous Chinese province which pioneered economic reforms in the country.

In the day-to-day running of the State Council's business, Tian has been in charge of financial, monetary and commercial affairs and foreign trade. This writer interviewed the Vice-Premier twice on the question of economic restructing. His insights into the Chinese economy and his views on reforms are presented in an easy and informed manner.

He is a warm advocate of economic reform. He puts immense effort into the drive, making personal investigations and suggesting various ways to use economic means to regulate activity instead of the use of administrative measures. As vice-premier, he first dealt with the problem of switching from delivery of profits to tax payments, a reform which he believes crucial for China's future economic growth. Under the profit delivery system, the enterprises turn their profits over to the state and draw on the state for expenditures. This practice makes no distinction between well-run and badly-run enterprises. It has the shortcoming generally described as "everybody eating from the same big pot", that is, every enterprise eats from the "big pot" of the State and every employee from the "big pot" of the enterprise. This "big pot" can be smashed, Tian suggests, by substituting taxes, with every enterprise completely responsible for its own profits and losses, and with each allowed to retain a share of the profits, with independent authority and functions. Only in this way, he believes, can an enterprise become fairy independent and operate with increasing vigour. He is detemrined to use the switch to taxes as a catalyst for restructuring the urban economy.

Back in 1981, he had submitted concrete proposals for the switch to the State Council, and contributed articles to the press to explain points that might give rise to misgivings. When he became Vice-Premier in 1983, he urged an early start of the second step of the switch with profit deliveries replaced by tax payments instead of the paralled use of both methods as practised in the first step. The second step was generally enforced the year before last and has brought very good results.

Tian's concept has a scientific basis and is of strategic significance for China's economic growth. It has been highly commended by top Chinese leaders. Communist party's General Secretary Hu Yaobang wrote this comment of Tian's report: the subject is "carefully studied" and "well presented" "this provides enlightenment and inspiration for the newly promoted young cadres to learn how to work."

Tian is very active in the national drive for reform of the economic structure decided upon in 1984 by the Party Central Committee. At the request of this writer, the Vice-Premier gave an incisive exposition of his views on a major issue of economic reform. He dealt with the separation of the functions of governmental departments and those of state-owned enterprises -- an important issue in the current reform of the economic structure. From his long experience in financial and economic work, he drew the conclusion that under the socialist system of ownership by the whole people, the right ownership and the managerial powers of these enterprises can be separated to a certain extent. Such a separation will make sure that the national economy remain an integrated whole while strengthening and improving the socialist system of state ownership.

He calls for a conceptional change to delegate more managerial authority to enterprises so that they can, while observing State plans and policies, operate independently and bear complete responsibility for their profit and loss. He stresses the need to put an end to the use of administrative orders to intervene in the management of an enterprise.

In the course of reform, efforts should be made to keep a firm grip on major aspects and explore new ways of reform suited to the characteristics of the Chinese economy.

In practical work, the Vice-Premier has taken personal charge of both price adjustment and wage reform. To solve problems cropping up after price controls over farm produce were relaxed, he made long journeys last year to Jiangsu, Anhui and Shandong provinces to study the practice and make investigations. He held meetings in Jiangsu and Beijing to solicit the views of leading Chinese economists on reform of the price system.

With more than 30 years' experience in financial and economic work, he proved himself to be a capable assistant to Zhao Ziyang, when Zhao, then chief executive of Sichuan, instituted his innovative economic experiments in that largest Chinese province in 1979. Tian was then Director of the Provincial Finance Bureau. He took an active part in the experiments and went to nearly every county in the province to see how things were going.

Everybody who meets and talks with Tian is impressed by his vigour, quick wit and wide knowledge. In spite of his heavy study of the Chinese economy, he is also interested in the economies of foreign countries because he wants to learn from their successes and failures for China's benefit. His knowledge has been enriched by foreign travel.

He gained first-hand knowledge of the economic patterns abroad during his tours in Asia, Africa and Europe. He attaches great importance to economic cooperation with West European countries. When he accompanied Zhao Ziyang on a visit to Britain, Federal Germany and the Netherlands in June last year, he made extensive contacts with industrial, commercial and financial circles and signed documents with the governments of the three countries on trade and economic and technological cooperation.

At the end of that tour, he told the press that China's relations with these countries are founded on a common political basis, and that to uphold world peace and promote each other's prosperity are in the interest of all. For the sake of world peace, he said, China and the West European countries will make common cause against the arms race and for the relaxation of international tension.

He drew attention to recent progress in China's cooperation with the West European countries in trade and other economic and technological fields. Such relations will continue to develop and be extended to other West European countries. There is much scope for this since China and the other countries each have their own potential and can supply each other's needs, he said.

In the last two years, Tian visited 11 African countries and signed a number of agreements on economic and technological cooperation. He told the press that he was convinced that prospects for economic cooperation with the other Third World countries were hopeful. There are many ways for China and the African countries to draw closer. Following its principle of "equality and mutual benefit, stress on practical results, diversity in form, and common progress," China will explore new ways for cooperation and make contributions to South-South cooperation.

Son of a revolutionary cadre, Tian imbibed revolutionary ideas in his youth. At the age of eleven, he began as an apprentice in a factory in the revolutionary base area of Shandong Province. He distinguished himself during the war years, providing logistical support for battles against the Japanese aggressors. He directed stretcher and agrarian reform teams and edited a battlefield-paper during the national liberation war. He was sent early in 1947 to take a one-year course in commercial accounting. He served afterwards as an accountant in an army unit.

After liberation, he was transferred to Guizhou Province to run a college and a school in finances and economic. For three years he was both an administrator and teacher. He managed to study Karl Marx's Capital, Stalin's The Foundations of Leninism, and books on economics and Chinese history. This knowledge proved to be of use in his work. Enriched by long years of diligent study and tempered in wartime hardship, he has grown from a boy apprentice to a government leader.

Tian has earned a name as a man of action. In his new demanding post as Vice-Premier, he carefully examines documents submitted to him for approval. He revised the repor he drafted in 1983 suggesting the switch to tax payments at least seven or eight times. He usually gets to the office an hour early and sometimes takes breakfast in the canteen with his staff. He works a 12-hour day. When he returns home in the evening, he reads more reports and documents until the late hours.

The Vice-Premier is always cheerful and optimistic. He likes swimming, jogging or just taking a walk. Now in his late fifties, he looks much younger, his face glowing with health, his hair dark and glossy.

Tian's wife now works at the People's Construction Bank of China. They have two sons and two daughters. Only the youngest son works in Beijing. Tian's father is still hale and hearty, and he himself has become a grandfather.

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GENERAL

FOREIGN MINISTRY SPOKESMAN ON NUCLEAR SAFETY STANDARDS

HK021448 Beijing ZHONGGUO XINWEN SHE in Chinese 1229 GMT 2 Jul 86

[Text] Beijing, 2 Jul (ZHONGGUO XINWEN SHE) -- Chinese Foreign Ministry spokesman Yu Zhizhong replied at a news briefing this afternoon to questions raised by Chinese and foreign reporters on nuclear power. A reporter asked: Have the Chinese authorities considered the evacuation of the Hong Kong population in case of any emergency occurring at Daya Bay nuclear Power Plant?

Yu Zhizhong said: Vice Premier Li Peng has already answered similar questions raised by reporters. China's nuclear power industry is just at the initial stage. From the very beginning we have attached prime importance to engineering quality and safety. At the same time, we have also drawn up our own nuclear safety standards in light of the standards adopted by other countries. Therefore these standards can completely meet the requirements for nuclear safety. We should not negate nuclear energy as an advanced technology just because some minor accidents have happened in the field of nuclear power. As a part of the energy industry, the important role of nuclear power is undeniable.

Asked by reporters how many nuclear power plants are currently operating in China and whether any accident has ever happened, Yu Zhizhong said: As far as I know, there is no nuclear power plant currently operating in China.

RENMIN RIBAO NOTES HIGH INVESTMENT OVERSEAS

OW020722 Beijing XINHUA in English 0709 GMT 2 Jul 86

[Text] Beijing, July 2 (XINHUA) -- China has invested 239 million U.S. dollars in 144 joint ventures and exclusively Chinese enterprises in 34 countries and regions abroad, the overseas edition of the "PEOPLE'S DAILY" reported today. The paper said another 300 joint venture projects are being negotiated. Most of the operating ventures have involved investments of less than 10 million dollars, it said.

According to the paper, China's foreign enterprises are involved in forestry, fisheries and minerals. The Ministry of Forestry, for example, has opened a plywood factory in Brazil with an annual production capacity of 10,000 cubic meters of plywood.

In addition, China's deep-sea fishing fleets operate off the coasts of seven countries, including the Senegal, Sri Lanka and the United States, where they split the catch evenly with the host nation. As a result of the foreign fishing, fish from the seas of Western Africa were sold in Beijing for the first time last October.

The joint ventures also include 54 companies involved in such projects as drilling water wells and building railroads in Africa and harbor facilities in southern Asia.

By the end of May, Chinese restaurants with chefs sent from the mainland generated three million dollars in foreign exchange for the country. More than 100 chefs work in restaurants in Western Europe and North America that feature Sichuan, Guangdong, Beijing and Shanghai cuisines.

China is also building in Australia, Canada and elsewhere to produce iron, copper, diamonds and gold, the paper said.

RENMIN RIBAO VIEWS SOVIET-U.S. DISARMAMENT POSTURES

HK030853 Beijing RENMIN RIBAO in Chinese 3 Jul 86 p 3

["News Analysis" by Zhang Liang: "New Soviet-U.S. Postures on the Disarmament Issue"]

[Text] The fifth round of U.S.-Soviet arms control talks in Geneva concluded on 20 June. As with the previous rounds, this 50-day round of talks made no progress. However, around the time the talks concluded, the postures adopted by the United States and the Soviet Union on the nuclear disarmament issue attracted attention. During the talks, the Soviet representative put forward to the U.S. side a so-called "intermediate plan" on disarmament, which was openly welcomed by President Reagan. He expressed the hope that this Soviet move showed that the Soviet Union "has started to make serious efforts" in disarmament, and that this would mark a "turning point" in the arms control talks. Outside opinion holds that this new posture adopted by the two sides is something rarely seen since their summit meeting last November, but it is still too early to say that the U.S.-Soviet disarmament talks have yielded some result, since there are still many differences between them to be resolved. The following are the main contents of the proposal: 1) The Soviet Union proposes that the United States and the Soviet Union should not withdraw from the "treaty limiting antimissile missile defense systems" in the next 15 years," and that work in the field of the U.S. "Strategic Defense Initiative" be limited to laboratory research, that is, to the level that the United States has already reached. 2) The offensive strategic weapons of the two sides, that is, land-based intercontinental ballistic missiles, submarine-fired missiles, and heavy bombers, should be limited to the level of parity, and the two sides should each reduce the numbers of carrier vehicles to 1,600 and warheads to 8,000. 3) The question of medium-range nuclear weapons capable of hitting the Soviet Union or the United States should be resolved separately from the above-mentioned three-in-one strategic weapons.

The media generally hold that the Soivet Union's new "intermediate plan" is more flexible in certain respects compared with previous Soviet disarmament proposals. In the past the Soviet Union has consistently opposed the U.S. "star wars" scheme (that is, Reagan's Strategic Defense Initiative) and has regarded U.S. scrapping of this scheme as a precondition for reaching an agreement on reducing strategic nuclear weapons. This time, however, the Soviet Union says that "star wars" scheme research can be limited to the level of laboratory research. In addition, the new proposal no longer insists on counting as strategic weapons medium-range missiles and bombers deployed by the United States in Europe and on aircraft carriers, but instead suggests that reductions should first be carried out in long-range missiles and bombers. However, it is evident from the plan that the Soviet Union is emphasizing that the two sides must undertake their obligations and must not withdraw from the treaty on antimissile missiles for at least 15 years, thus limiting U.S. development of strategic defensive weapons.

This new Soviet proposal was put forward not longer after President Reagan announced his decision on no longer adhering to SALT-II. Western public opinion felt that this proposal was "unexpected," and also analyzed the Soviet move as possibly being based on the following consideration: If SALT-II is indeed scrapped, the 1972 U.S.-Soviet treaty directed against antimissile missiles will also be in danger of disintegration; and so the Soviet Union produced this new plan in order to maintain the process of the U.S.-Soviet arms control talks and also to limit the U.S."star wars" scheme as far as possible. In this way the Soviet Union could demonstrate its flexibility before world opinion and would also be able to buy time to maintain strategiv party with the United States.

The U.S. response to the new Soviet proposal has also exceeded expectations to some extent. There are also reasons for the relatively positive U.S. response. First, certain aspects of the new Soviet proposal are in accord with U.S. thinking, because the United States has consistently demanded that reduction of strategic weapons cannot be directly linked to the strategic defense scheme, and the two should be resolved separately. The United States also holds that the research work on the strategic defense scheme does not violate the antimissile treaty. Second, since the Reagan administration announced at the end of May its decision to no longer adhere to SALT-II, it has come under strong domestic and international pressure, since its Western allies and the majority of congressmen have urged the administration to change its mind and continue to adhere to the treaty. Some people in the West therefore hold that in expressing appreciation "beyond expectation" for the new Soviet proposal, the Reagan administration is acting partly to extricate itself from a passive position and to keep up the momentum of talks and dialogue with the Soviet Union. Doing this is useful for continuing to bargain with the Soviet Union in the talks, without going so far as to cause domestic discontent when the U.S. congressional mid-term elections are imminent. It can also reassure its West European allies in this fashion.

However, a good deal of public opinion holds that the recent mutual posturing of the United States and the Soviet Union on the disarmament issue only represents a lightening of the atmosphere, and there is no clear intention on the part of the two sides for reaching any kind of disarmament agreement, and it appears that they are "sharing a bed but dreaming different dreams," with each devising its own schemes. The new Soviet proposal focuses on reducing strategic nuclear weapons in exchange for no U.S. withdrawal from the antimissile missile treaty for at least 15 years, while also setting restrictions on the U.S. "star wars" scheme. And in its response, the Reagan administration stressed that the new Soviet proposal "is unacceptable without amendments." It appears that the U.S. "star wars" scheme remains the crux of the argument between the two sides. As for how to reduce strategic nuclear weapons when the two sides have different kinds of weapons and in different strengths, and each side is superior in different respects, this remains a hot potato.

The well-known American commentator Hersh recently published an article in the CHRISTIAN SCIENCE MONITOR which drew a vivid analogy: The first big door blocking serious talks between Moscow and Washington has been opened, and Reagan naturally wants to go into the room to see what is there. However, before entering the room, there are still many doors that are still unopened along the long corridor of the disarmament talks.

USSR, U.S. NEGOTIATE OVER FUTURE MEETINGS

OW011238 Beijing XINHUA in English 1211 GMT 1 Jul 86

[Text] Moscow, July 1 (XINHUA) -- Moscow and Washington are negotiating on rescheduling a foreign ministerial meeting to prepare a second summit between U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev, a senior Soviet official said today. Deputy Foreign Minister Vladimir Petrovskiy told a press conference that his country has proposed to the United States to reschedule a meeting between U.S. Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze and that the talks have now started. Petrovskiy said, however, that the two men will meet only after the preparatory talks yield "concrete" results.

Because of the U.S. air raids on Libya on April 15, the Soviet Union cancelled a mid-May Shultz-Shevardnadze meeting to discuss a new superpower summit.

"The Soviet Union supports productive dialogue and makes no exception for any country, including the United States," Petrovskiy told reporters. Asked when Shultz and Shevardnadze would meet, Petrovskiy said, "dates have no consequence, what is important is the content of the meeting." He said the Soviet Union would like the summit not to be "just a handshake," therefore it should produce "concrete and tangible results with regard to international security."

Petrovskiy confirmed that Moscow has proposed to Washington for a meeting of the Standing Consultative Commission in Geneva to discuss the fate of the SALT II Treaty. The commission was established under the 1972 Anti-Ballistic Missile Treaty to study allegations of violations by both the United States and the Soviet Union.

Reagan has announced that the United States would scrap the 1979 SALT II Treaty because of alleged Soviet violations. The Soviet Union, however, has accused Reagan of starting a new round of arms race by renouncing the accord.

U.S. 'INTERFERENCE' IN NICARAGUA DECRIED AT UN

OW030632 Beijing XINHUA in English 0220 GMT 3 Jul 86

[Text] United Nations, July 2 (XINHUA) -- China and several other United Nations Security Council members today reiterated their opposition to any form of external interference in Central American affairs and called on the United States and Nicaragua to settle their disputes through peaceful negotiations.

Speaking at an emergency meeting of the Security Council, the representatives praised the Contadora Group and its supporting Lima Group for their efforts in mediating conflict in Central America and for attempting to bring peace to the region. The Contadora Group is composed of Colombia, Mexico, Panama and Venezuela and the Lima Group joins Argentina, Brazil, Peru and Uruguay.

In his speech, Li Luye, Chinese permanent representative to the United Nations, said he regretted that the U.S. House of Representatives recently passed a bill providing 100 million U.S. dollars for military and other aid to the anti-government armed forces in Nicaragua. "This action by the House of Representatives violates the established norms governing international relations and places new obstacles to the restoration of peace and stability in Central America. It will have serious impact on the development of the situation in Central America," he said. He added that "the Chinese government is opposed to such an action of interference in the internal affairs of Nicaragua."

The Chinese ambassador maintained that the fundamental way to ease tension in the region was to respect the state sovereignty, independence and territorial integrity of Nicaragua and all other countries in the region and to stop all outside interference. "We believe that the principle of non-interference should be fully respected by all parties concerned and that the disputes between the United States and Nicaragua should be settled through peaceful negotiations on an equal basis in accordance with the principles of the United Nations Charter, and not through the use or threat of force," he said.

The Chinese ambassador expressed the hope that all the countries concerned would respect the aspirations of the peoples of the Central American countries so that the efforts of the Contadora Group and the Lima Group for the realization of peace might yield positive results.

Ambassador James V. Gbeho of Ghana said that the decision of the U.S. House of Representatives to grant 100 million U.S. dollars in aid to "the rebel mercenary force" in Nicaragua abused the letter and spirit of the U.N. Charter. The acts of the U.S. Government, he added, substantially undermine the peace-seeking efforts of the Contadora and Lima Groups.

Australian permanent representative Richard Wollcott said that recent developments in Central America had only served to "complicate the situation further". He stressed that the cycle of violence must be stopped and all states in the region had the right to choose their forms of government free from outside interference". The Australian ambassador called on all countries to support the Contadora process and to fulfill their obligations under the U.N. Charter, specially the obligation to settle international disputes by peaceful means.

Representatives from Cuba, Mongolia, Vietnam, Czechoslovakia, Angola, Syria, Democratic Yemen and Spain also spoke at today's meeting. The emergency meeting which began yesterday will continue tomorrow.

RENMIN RIBAO ON U.S. POLICY ON NICARAGUA

HK021138 Beijing RENMIN RIBAO in Chinese 2 Jul 86 p 6

["Roundup" by Zhu Manting: "A Move Which Aggravates the Tension in Central America"]

[Text] The U.S. House of Representatives approved a bill providing $110 million military aid for the Nicaraguan rebels on 25 June. This has aroused strong repercussions in the world, with attacks on it echoing everywhere. It is universally believed that this move of the U.S. Congress has given the green light for the Reagan administration to have a freer hand in pushing the policy of intervention in Central America, and will inevitably aggravate the tense U.S.-Nicaraguan relations and seriously affect the Central American peace talks promoted by Contadora in a big way.

In the current U.S. aid provided for the Nicaraguan rebels, $80 million is in military aid, and the other $30 million is in logistics aid. As the U.S. Senate had earlier adopted this bill, the U.S. Congress has for the first time approved the government's formally providing military aid to the Nicaraguan rebels.

Providing military aid to the Nicaraguan rebels has been an issue of great dispute in the U.S. Congress. Back in 1982, the U.S. Government instigated the Nicaraguan contras to carry out their activities. At that time, the aid funds were provided by the CIA. Since March 1983, the military activities of the Nicaraguan contras have expanded, and large-scope harassing activities have been conducted in Nicaraguan territory. The inside story of the U.S. Government's plotting behind the scenes of this "secret war" was gradually disclosed, arousing strong opposition in the United States, and some personages in the U.S. Congress also held serious doubts about the U.S. authorities' utilizing the rebels against the Sandinista government, and on several occasions proposed to stop CIA aid, which was aimed at overthrowing the Nicaraguan Government. In the latter half of 1984, the U.S. authorities suspended aid to the Nicaraguan rebels under the opposition of the Congress. But since the beginning of Reagan's second term of office in 1985, the U.S. Government has adopted a tougher line on the Nicaragua issue, and created public opinion in a big way, condemning Nicaragua's obtaining military aid from another big power. Its aim is simply to make the Congress approve continued aid to the Nicaraguan rebels. In 1985, the U.S. Congress approved nonmilitary "humanisation aid" of $27 million to the Nicaraguan rebels, and now, under pressure from the U.S. Government, the U.S. Congress has finally adopted the aid bill.

The U.S. Government is doing its best to support the Nicaraguan rebels, and the cause lies in the fact that it wants to make use of the Nicaraguan contras in creating a military threat to the Nicaraguan Government and in maintaining its military pressure, in order to compel the Nicaraguan Government to give in and to impede the Central American peace talks. As is known to all, although the United States has verbally supported the peace efforts of Contadora, it has in practice done its utmost to impede a peace accord among the Central American states. This is because the United States and the Latin American states represented by Contadora are pursuing different targets. The Latin American states are trying to get rid of foreign intervention and to display the principle of self-determination in Latin America through their own efforts; while the United States is doing its utmost to keep Central America under its control. Once the Latin American peace talks reach an accord, all external forces will be unable to continue their intervention in Latin America, which is very difficult for the United States to accept. It is precisely because of this that when the eight foreign ministers of the Contadora and Lima groups went to Washington in February this year, demanding that the United States stop aiding the Nicaraguan contras, President Reagan avoided them. On the contrary, a few days later, he was receiving the leader of the Nicaraguan contras, and stepped up lobbying of the Congress to approve the bill on aid for the Nicaraguan contras. The approval of this bill will inevitably aggravate the tense situation in the Central American region, and create a block to the peace talks. The Nicaraguan Government has already issued a statement condemning it, while the other Latin American countries have also attacked it in succession. Carlos Andres Perez, former Venezuelan president and vice chairman of the Socialist International, pointed out that the U.S. move shows no respect for, and neglects the feelings of, the Latin American people.

The various Latin American countries are exerting their efforts in getting rid of the intervention of and control by superpowers, and hoping to adopt a road of peace and development. The U.S. interventionist move at such a moment is a "historical mistake," as pointed out by some personages of the Contadora Group.

KIM IL-SONG GREETS HU YAOBANG ON CPC JUBILEE

OW021205 Beijing Domestic Service in Mandarin 0200 GMT 1 Jul 86

[Text] Hu Yaobang, general secretary of the CPC Central Committee, received a message of greetings from Kim Il-song, general secretary of the Central committee of the Workers Party of Korea [WPK], on 30 June on the 65th founding anniversary of the CPC.

The message said: On the occasion of the 65th founding anniversary of the CPC, in the name of the WPK Central Committee, all its members, and myself, I extend my warmest congratulations and comradely greetings to you, the CPC Central Committee and all its members. The 65 years of the CPC have been a course of severe tests and heroic deeds decorated with victories and glory.

The message said: Under the correct guidance of the CPC and displaying the revolutionary spirit of self-reliance and hard work and upholding the four cardinal principles, the fraternal Chinese people have scored tremendous achievements in carrying out modernization and building socialism with Chinese characteristics since the 3d Plenary Session of the 11th CPC Central Committee. The changes taking place in China are great contributions to the common cause of the world's revolutionary people who are struggling for freedom, independence, and socialism. The WPK and the Korean people heartily rejoice at and warmly congratulate the achievements made by the CPC and the fraternal Chinese people in their revolutionary struggle and construction. It is a steadfast policy of the WPK to cherish the traditional Korean-Chinese friendship and to continue to consolidate and develop this friendship. We will, as always, do our utmost to consolidate and develop the invincible fraternal friendship and unity between our two parties, the governments of our two countries, and our two peoples for generations to come.

In conclusion, the message said: The WPK and the Korean people sincerely wish the CPC and the fraternal Chinese people greater successes in the struggle to carry out the resolutions of the National Conference of Party Delegates, build a modern socialist power, bring Taiwan back to the embrace of the motherland, and achieve the reunification of China.

DPRK SAYS U.S. HOUSE RESOLUTION 'CONSPIRACY'

HK020415 Beijing RENMIN RIBAO in Chinese 29 Jun 86 p 6

[XINHUA report: "NODONG SINMUN Article Says U.S. House Resolution on Korean Issue Is a Conspiracy"]

[Text] Pyongyang, 28 June (XINHUA) -- The Korean NODONG SINMUN today carries an article saying that a recent U.S. House resolution on the Korean issue is a conspiracy. It was reported that in a resolution adopted on 24 June, the U.S. House of Representatives required North Korea to contribute to relaxing the tense situation on the Korean peninsula. Referring to the resolution's demand that North Korea accept the plan on "cross recognition" and that both North and South Korea "simultaneously join the United Nations," the article points out that this plan is an outcome of the U.S. conspirary to create "two Koreas," aiming at splitting Korea forever. The article points out that the root cause of the tense situation on the Korean peninsula is that U.S. troops have seized South Korea and carried out provocative activities. But North Korea has made positive efforts to relax tension on the peninsula. This is an indisputable fact that can never be altered by U.S. sophistry. Finally, the article requires that the United States should not evade the peace proposal put forward by North Korea and immediately withdraw its troops and weaponry from South Korea.

HOANG VAN HOAN GREETS CPC FOUNDING ANNIVERSARY

OW021217 Beijing Domestic Service in Mandarin 0200 GMT 1 Jul 86

[Text] The CPC Central Committee received a congratulatory letter from Comrade Hoang Van Hoan on 30 June on the occasion of the 65th founding anniversary of the CPC.

The message said: The birth of the CPC is an important event in modern history and is of positive significance for the development of revolution in the world, especially the revolution in Vietnam. Over the past several decades, the Communist Party of Vietnam [CPV] and the CPC have established a comradely fraternal friendship in their joint struggle under the banner of proletarian internationalism. In recent years, since the downfall of the gang of four, the CPC has achieved remarkable results in making the people better off and the country strong. Almost all communist and workers parties in the world have spoken highly of the proposition of building socialism suited to the conditions in China. Although the Le Duan clique has sabotaged the close relations between Vietnam and China, the CPC's contributions to Vietnam's revolution will forever be remembered by the Vietnamese people.

FILIPINOS DEMAND WITHDRAWAL OF FOREIGN BASES

OW021144 Beijing XINHUA in English 1134 GMT 2 Jul 86

[Text] Manila, July 2 (XINHUA) -- A multi-sectoral movement in the Philippines today called for the withdrawal of all foreign military bases and all nuclear weapons from the Philippine soil.

In a press conference held here, "the campaign for a sovereign Philippines" announced that it would launch a nationwide signature campaign calling for a sovereign Philippines. A spokesperson of the movement claimed at the press conference that the movement is initiated by 60 organizations. It is guided by the principles of nationalism, peace, sovereignty, independence, neutrality and development, she added. She said the Philippines should actively cooperate with its neighbors to make Southeast Asia in general and the Association of Southeast Asian Nations (ASEAN) members (Brunei, Malaysia, the Philippines, Singapore, Thailand and Indonesia) in particular, a zone of neutrality, freedom and peace, free of all nuclear weapons and free from the domination of all foreign powers.

The campaign demanded that foreign military bases in the Philippines be removed once and for all. There are two U.S. military bases in the country: the Subic Naval Base, some 130 kms northwest of Manila, and the Clark Air Base, some 80 kms north of here. Philippine Vice-President Salvador Laurel said recently that there are no nuclear weapons in the two military bases.

The spokesperson indicated that they are not asking the immediate removal of the two bases, but not later than 1991 when the military base treaty is to expire.

President Corazon Aquino repeatedly declared that the Philippines will respect the military base treaty, but keep its option open after 1991.

The campaign also decided to stage a mass action on July 4, the Philippine Republic Day or Philippine-American Friendship Day, to press for their demands.

PAKISTANI AIR CHIEF VISITS PRC COUNTERPART

BK021028 Karachi Domestic Service in English 1005 GMT 2 Jul 86

[Text] Air Chief Marshal Jamal Ahmad Khan, chief of the air staff, now in China, held talks today with his Chinese counterpart, Mr Wang Hai, in Beijing. He was assisted by ambassador Dr. M.A. Bhatty and members of the delegation. The Chinese air chief was aided by his deputy and other officials. ASSOCIATED PRESS OF PAKISTAN says over 2 hours of discussions on mutual interests was fruitful. Air Chief Marshal Jamal Khan extended an invitation to his counterpart to visit Pakistan.

Feted By Wang Hai

OW021238 Beijing XINHUA in English 1230 GMT 2 Jul 86

[Text] Beijing, July 2 (XINHUA) -- Wang Hai, commander of the Air Force of the Chinese People's Liberation Army, gave a banquet here tonight in honor of a Pakistan Air Force goodwill mission led by Air Chief Marshal Jamal Ahmad Khan, chief of staff of Pakistan Air Force.

In their toasts, Wang and Jamal praised the friendship and cooperation between the two Air Forces and wished to see continued growth of these ties.

This morning, Wang Hai presided over a ceremony at the headquarters of the PLA Air Force to welcome the Pakistan mission, which arrived yesterday.

AFGHAN AIR FORCE UNDER STRICT SOVIET CONTROL

OW021742 Beijing XINHUA in English 1535 GMT 2 Jul 86

[Text] Islamabad, July 2 (XINHUA) -- The Afghan Air Force is virtually under the control of the Soviets, according to Afghan pilots who recently surrendered to the resistance forces. Jets of the Afghan Air Force are controlled by Russian radars and if a jet deviates from its target, it is followed and hit by another aircraft, said Afghan helicopter pilot Abdu-Tawab, who surrendered to the Mujahideen (freedom fighters) recently.

Ali Madad, a helicopter pilot of the Afghan Air Force who surrendered to the guerrillas in April this year, also disclosed that some Afghan pilots had been executed for their failure to hit their targets. Air raids are mostly conducted by the Russians because they do not trust Afghan pilots, said Ali Madad. In the Afghan Air Force, he said, the number of Russian personnel is equal to that of the Kabul regime.

Both helicopter pilots made these remarks in interviews published in the latest issue of the monthly bulletin AFGHAN INFORMATION CENTER. An Afghan aircraft engineer captured by the resistance forces recently also said that Afghan military officers are given only minor tasks. "Our duty consisted of minor technical aspects of aircraft, such as checking the starter and electric current. Other important tasks were in the hands of Russian engineers," he said.

FURTHER REPORTAGE ON ZHAO ZIYANG'S EUROPE AFRICA TOUR

More on Arrival in Romania

OW021202 Beijing XINHUA in English 1156 GMT 2 Jul 86

[Excerpts] Bucharest, July 2 (XINHUA) -- Chinese premier Zhao Ziyang flew in here this afternoon to start his five-day official good-will visit to Romania. The special plane carrying Premier Zhao and his party landed at the Otopeni airport at 2:00 p.m. He was given a warm welcome by Romanian party and government officials headed by Premier Dascalescu.

Premier Zhao's visit is regarded here as "a major event in the annals of the relations of friendship, unity and cooperation between the parties and governments of China and Romania." In a commentary, the Romanian news agency hailed the achievements and progress made by the two countries in the all-round cooperation in the fields of economy, science and technology and cooperative production.

After reviewing a guard of honor, Premier Zhao, accompanied by Premier Dascalescu, drove to the Datin Hotel. He is expected to hold talks with Premier Dascalescu, which is scheduled for this afternoon.

Issues Written Statement

OW021342 Beijing XINHUA in English 1333 GMT 2 Jul 86

[Text] Bucharest, July 2 (XINHUA) -- Chinese Premier Zhao Ziyang, who flew in here this afternoon, said that he has come to "deepen Sino-Romanian mutual understanding and friendship and further promote the all-round friendly relations and cooperation between the two countries."

In a written statement released at the Otopeni airport upon his arrival, he said that the relations between China and Romania had been very close, especially in recent years, when highest-ranking party and government leaders of the two countries have met annually. "This has given a strong impetus to the steady growth of Sino-Romanian friendly relations and cooperation," he added.

He said that he will have an in-depth exchange of views with Romanian Party General Secretary and President Nicolae Ceausescu, Prime Minister Constantin Dascalescu and other Romanian leaders on international issues of mutual concern and on ways to further develop the bilateral relations. He expressed the hope that his visit will contribute to the growth of Sino-Romanian friendly relations and cooperation and to the maintenance of world peace.

Talks With Romanian Counterpart

OW030003 Beijing XINHUA in English 2353 GMT 2 Jul 86

[Text] Bucharest, July 2 (XINHUA) -- Chinese and Romanian premiers focussed their talks today on ways and means of strengthening cooperation between their countries in economy, trade, science and technology.

During the official talks held this evening shortly after Premier Zhao Ziyang's arrival here on a five-day official visit, the two leaders had a detailed discussion on the further development of Sino-Romanian economic relations, a Chinese Foreign Ministry official told the press after the talks.

The talks, which lasted more than two hours and were described as "cordial and friendly", covered bilateral relations and international issues of mutual concern. The two leaders briefed each other on the socialist construction of their respective countries and the policies adopted by both governmentse in developing their economies, the official said.

They reviewed with satisfaction the smooth growth of friendly cooperation between the two countries since the visit of Romanian President Nicolae Ceausescu to China last October. The Romanian prime minister said his government will make determined efforts to attain the goals set by the leaders of the two countries last October in economic cooperation for 1986-1990.

Premier Zhao Ziyang described the relations between the two parties and countries as "no ordinary". Thanks to the solid foundation, he said, their friendly and cooperative relations will surely develop on a lasting and stable basis in all fields.

Zhao said that the Chinese Communist Party and Government have always attached great importance to the development of economic relations with Romania. China will take all possible measures to implement the agreements signed by the two countries, he said.

The Chinese official said the two premiers were satisfied with the fact that the two countries are identical or close to each other in their views on major current international issues. The Romanian prime minister highly assessed the role played by Chinese in the struggle to safeguard world peace and said effective cooperation between the two countries in the international arena will help safeguard world peace.

The Chinese premier thanks Romania for its support of China's entry into a number of international organizations. He also expressed the hope that Romania would play a bigger role in the settlement of key issues confronting the world.

Dascaleseu Fetes Zhao

OW022028 Beijing XINHUA in English 1954 GMT 2 Jul 86

[Text] Bucharest, July 2 (XINHUA) -- Chinese and Romanian premiers today pledged common efforts to bring the relations of friendship and cooperation between the two countries still further. They made the pledge at a banquet here this evening given by Romanian Prime Minister Constantin Dascalescu in honor of visiting Chinese Premier Zhao Ziyang.

Zhao Ziyang said that it was the firm policy of the Chinese Communist Party and Government to develop an all-round lasting and stable relationship of cooperation with Romania. Premier Zhao Ziyang, who arrived here this afternoon on the first leg of his six-nation tour of the Balkan-Mediterranean region, said that the Chinese people cherish most dearly the profound friendship they have forged with the Romanian people through the years. He expressed the conviction that common efforts by the two countries are bound to bring such relationship still further.

Romanian Prime Minister Dascalescu described Zhao Ziyang's visit as "an important event in the annals of the relations of close friendship, unity and all-round cooperation between the parties, governments and peoples of the two countries. He said that Romania was making determined efforts to develop the economic, scientific and technological cooperation and the cooperation in production so as to make the People's Republic of China one of the principal partners in Romania's foreign economic relations.

As was stated by Premier Zhao Ziyang, the friendly relations between the two countries have become closer, especially in recent years when there have been frequent exchange of visits between high-ranking party and government officials. According to statistics released by Romania, bilateral trade between the two countries has increased 2.5 times over the past decade and China has become the sixth biggest trading partner of Romania. Their cooperation touches almost every field of endeavour.

Premier Zhao Ziyang paid high tribute to the major achievements made by the Romania people in the economic and social development. "This", he said, "is a source of encouragement to the Chinese people who are comrades-in-arms with the Romanian people." He expressed the sincere wishes for an increasingly prosperous socialist Romania.

The Romanian prime minister also noted that the Romanian people are also very glad to see the outstanding achievements the Chinese people have made in developing the national economy, science and culture and in their all-round socialist modernization drive and wished China greater successes under the guidance of the Chinese Communist Party's policy for development along the socialist road.

Zhao Addresses Banquet

OW022030 Beijing XINHUA in English 2012 GMT 2 Jul 86

[Text] Bucharest, July 2 (XINHUA) -- Chinese Premier Zhao Ziyang and Romanian Prime Minister Constantin Dascalescu today called for an end to arms race and for concerted efforts to safeguard world peace.

Speaking at a banquet here this evening given by the Romanian prime minister in honor of the visiting Chinese premier who flew in this afternoon on the first leg of his six-nation tour in the Balkan and Mediterranean region, the two leaders drew attention to the danger of war that is threatening world peace and the security of peace-loving countries. Zhao Ziyang said, however, that "so long as the people of the world unite and make concerted efforts, a new war can be prevented and world peace can be maintained."

He said that both China and Romania are devoting their all-out efforts to building up their respective countries and hence they need an international environment of lasting peace. He reiterated China's foreign policy of independence and peace and its stand of opposing all forms of arms race and hegemonism, which, he said, seriously threaten world peace and security of peace-loving countries. China will never participate in arms race and it will never seek hegemony, he stressed. China is willing to work together with Romania and all other peace-loving countries and people in making every effort to safeguard world peace.

Dascalescu in his speech called it a fundamental task at present to stop arms race so as to prevent a new world war and maintain world peace.

He described the international situation as "worsening" and the danger of a nuclear calamity "growing" as a result of massive stockpiling of destructive weapons. He called for an earliest possible reduction of arms, nuclear arms in the first place, a move that needs extensive participation of all countries and corresponding international supervision, he said.

The Romania prime minister also called for an end to military confrontation in the world, adding that all conflicts between states should be settled through negotiations and by poltical means in the spirit of understanding, cooperation and world peace. The Romanian prime minister said that Romania was striving for a comprehensive solution to the problem of underdevelopment, including the debt issue in some developing countries, and for a new international economic order.

XINHUA Reviews Zhao First Day

OW030830 Beijing XINHUA in English 0810 GMT 3 Jul 86

["First Day of Premier Zhao Ziyang's Romania Visit Fruitful" -- XINHUA headline]

[Text] Bucharest, July 3 (XINHUA) -- Chinese Premier Zhao Ziyang spent a fruitful day in Romania Wednesday as he opened his six-nation tour of the Balkan and Mediterranean region. This is Zhao's first official visit to Romania as premier of the State Council. His visit was described by the press here as "an important event in the annals of the friendly and cooperative relations between the parties, governments and peoples of the two countries. Zhao was welcomed by Premier Constantin Dascalescu and other high-ranking Romania officials.

Zhao said in his arrival statement that he came to Romania to enhance mutual understanding and friendship between China and Romania.

The premier's activities on the opening day of the visit were topped off by a two-hour talks with Dascalescu that focused on specific ways to strengthen cooperation between the two countries in economy, trade, science and technology. During the talks, the two leaders reviewed with satisfaction the smooth progress in bilateral relations and expressed their confidence in the future prospects of such relations. Both said their nations are committed to concrete measures to consolidate and develop the achievements arising from the visit to China by Romania President Nicolae Ceausescu in October last year.

The two premiers also said they plan to stengthen their cooperation in international affairs as the two countries share identical or similar views on major international issues. They voiced their determination to put an end to the arms race, urging a speedy reduction of armaments and nuclear weapons in particular, so as to prevent a new world war and maintain world peace.

Premier Zhao, who is also member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party, is expected today to meet Nicolae Ceausescu, general secretary of the Romania Communist Party, for in-depth talks on bilateral relations and major international affairs.

POLAND 'INTERESTED' IN NORMALIZING PRC RELATIONS

OW030103 Beijing XINHUA in English 0032 GMT 3 Jul 86

[Text] Warsaw, July 2 (XINHUA) -- The Polish Government is interested in full normalization of relations with China, Poland's Foreign Minister Marian Orzechowski said today at a press conference during the 10th Polish United Workers' Party Congress. Orzechowski praised China's important role in international affairs, and noted that trade and economic cooperation between Poland and China has been marked by increasing trade volume.

Poland and China have a bright future in developing scientific and cultural ties, said Orzechowski, also an alternate member of the Political Bureau of the Party's Central Committee. He added, "Political dialogue (between the two countries) is going on. It can be expected to continue as both have shown sincerity" for doing so. Noting Poland's interest in furthering ties with China, Orsechowski said this is a process involving both bilateral and global relations.

GORBACHEV MEETS WITH JARUZELSKI, DEPARTS POLAND

OW020036 Beijing XINHUA in English 0025 GMT 2 Jul 86

[Text] Warsaw, July 1 (XINHUA) -- The Soviet and Polish leaders noted today that the primary task facing their economic cooperation is to "make the transition to more advanced forms of socialist economic integration." The remarks were made today during a meeting between Soviet leader Mikhail Gorbachev and Polish leader Wojciech Jaruzelski, the Polish News Agency PAP reported.

PAP interpreted the "more advanced forms" the leaders referred to as meaning direct mutually beneficial contacts for enterprises, joint companies, and for research, experimental and design teams.

Gorbachev praised the successful debate at the 10th Congress of Poland's ruling United Workers' Party. The Soviet leader said that "decisions made at the top Polish communist forum will further strengthen the United Workers' Party's organizational capability and prestige in society." He added that the party's work will enhance Poland's socio-economic development and bring closer ties between Poland and the Soviet Union.

Jaruzelski stressed that the presence of the Sovet party's delegation at the Congress demonstrates the "fraternal character of relations developed between both parties and nations."

Both leaders discussed current European and world issues, indicating the situations are at an important and decisive period. Jaruzelski and Gorbachev agreed that the proposals of the USSR, Poland and the other socialist Warsaw Treaty countries on nuclear, chemical and conventional weapons are creating a realistic opportunity for checking the buildup of the arms arsenals and radically turning developments toward peace, security and international cooperation.

Gorbachev and the Soviet delegation left Warsaw today for home.

ROMANIAN CP GREETS CPC ON FOUNDING ANNIVERSARY

OW021215 Beijing Domestic Service in Mandarin 0200 GMT 1 Jul 86

[Text] The CPC Central Committee received a message of greetings from the Romanian Communist Party [RCP] Central Committee on 27 June on the occasion of the 65th founding anniversary of the CPC.

The message said: Applying the principles of scientific socialism to the specific conditions in China, the CPC has mobilized and guided the people in carrying out penetrating reforms in various facets of economic and social life and achieving the strategic objectives of socialist revolution and construction. Under the CPC leadership, the Chinese working people have scored remarkable achievements in developing and modernizing industry, agriculture, science, and education, and in improving the people's material and spiritual living standards. With its achievements in setting up new systems and its active role in the international arena, the People's Republic of China has made especially important contributions to strengthening the might and prestige of socialism in the world, enhancing peace and security, and promoting international cooperation.

The members of the RCP and the Romanian people set a high value on the close relations of friendshp, unity, and cooperation between the RCP and the CPC and between our two countries and peoples, which have been formed and developed over a long period of time and are firmly based on the principles of mutual respect for independence and national sovereignty, equality, noninterference in each other's internal affairs, and comradely mutual assistance. The RCP and the Romanian people will do everything they can to strengthen their close cooperation with the CPC and the Chinese people, and will, in accordance with the mutual understanding reached at th highest level, further develop the traditional friendly and cooperative relations with the CPC and the Chinese people in various fields to the benefit of the Romanian and Chinese peoples, as well as the common cause of socialism and peace.

In commemorating this glorious holiday, dear comrades, we wish you, our fraternal CPC members and the economic and social development plan formulated by the 12th CPC National Congress and the National Conference of Party Delegates, the socialist construction of the motherland, and the struggle for progress and world peace.

CHEN MUHUA MEETS SFRY PROVINCIAL DELEGATION

OW021350 Beijing XINHUA in English 1341 GMT 2 Jul 86

[Text] Beijing, July 2 (XINHUA) -- Chinese State Councillor Chen Muhua met here today a goodwill delegation from the Socialist Autonomous Province of Kosova, Yugoslavia, led by Nazmi Mustafa, president of the executive council of the provincial assembly.

Chen said she was pleased to see Kosova Province has very good relations with China's Ningxia Hui Autonomous Region. "We hope that Kosova and Ningxia will expand their cooperation in all fields," she added. The Yugoslav visitors arrived in China June 27. In the past few days, they had a tour of Ningxia in the northwest.

RENMIN RIBAO ARTICLES STUDIES ARAB PROBLEMS

OW021050 Beijing XINHUA in English 0934 GMT 2 Jul 86

[Debt -- A Problem Facing Arab World -- XINHUA headline]

[Text] Beijing, July 2 (XINHUA) -- Despite its abundance of crude oil and oil dollars, the Arab world is facing the debt problem, the same problem facing the African and Latin American countries, a signed article of the PEOPLE'S DAILY said today.

Statistics show that in 1980, the total Arab world debt was 50 billion dollars and in five years has increased to 120 billion dollars, with 17 countries running debts up to 500 million dollars each. The Arab world debt accounts for 13 percent of the total debt of the world's developing countries. Those countries with the heaviest debt burden are Iraq with 35 billion dollars; Egypt, 29 billion; Morocco, 15 billion; Algeria, 13 billion; and Sudan, 9 billion. Arab ecomomic sources say that the historical cause for such heavy debts are the backward Arab economies whose dependency on a single resource -- oil, has resulted in lopsided economic development.

The debt has been provoked, too, by the consistent increase in the prices of industrial products imported from the developed countries in recent years. To make matters worse, the prices of the Arab world's raw materials and primary products, which are sold to industrialized nations, have decreased annually. Arab economists also point to plummeting oil prices, wars and general unrest in the Arab region as causes of economic woes.

The Arab countries still face the task of erecting a comprehensive, solid and independent economic base. The Gulf countries, for instance, have an abundance of oil and oil dollars, but they lack personnel and other natural resources needed to build an economy with a diversified base. Lack of economic cooperation and coordination also precludes overall regional economic development. Inevitably, those countries with money are short of personnel, while those with plenty of people and sufficient natural resources other than oil have little money. Unitl the Arab states cooperate more fully, they will have a hard time breaking away from their dependence on the developed countries.

Economists in Egypt also point out that the increase in the import of expensive, luxury consumer goods has not only eaten away at the foreign exchange coffers, but it has impeded the development of Arab national industry. To overcome their difficult economic situation, the Arab states are making efforts to develop production and change the irregular structure of their economies. They are now devoting major efforts to increasing agricultural production, to enlarging the varieties of exported commodities, to exporting processed products instead of primary ones, to tightening the control of import of consumer goods and to introducing foreign advanced technology and investment.

Meanwhile, they are attaching importance to the strengthening of mutual economic links. 1986 has witnessed multi-economic cooperation among the member states of their Gulf Cooperation Council. Egypt, Jordan and Iraq are expanding their economic cooperation while increasing their political relations. And Sudan, soon after forming its new government, has made the improvement of its domestic economy a priority. All this indicates that these countries are exploring a correct way to solve their economic problems.

ZHU QIZHEN LEAVES FOR U.S., LATIN AMERICA VISIT

OW211222 Beijing XINHUA in English 0949 GMT 21 Jun 86

[Text] Beijing, June 21 (XINHUA) -- Vice-Foreign Minister Zhu Qizhen left here today to visit Trinidad and Tobago, Cuba and Mexico. He will also go to the United States and Brazil for political consultations.

Visits Brazil, Meets Officials

OW021407 Beijing XINHUA in English 1346 GMT 2 Jul 86

[Text] Brasilia, July 1 (XINHUA) -- High government officials of Brazil and China held their first political consultation here today, which centered on international issues of common concern and bilateral relations.

Renalto Costa, acting secretary-general of the Brazilian Foreign Ministry, said the meeting of consultation showed that relations between the two countries are maturing. Costa, who was speaking at the luncheon held in honor of Chinese Vice-Foreign Minister Zhu Qizhen, said that the meeting will bring about "tangible benefits" to the two countries.

In reply, Zhu emphasized the importance of the meeting and said he believes that the meeting will end successfully and contribute to the development of friendly relations and cooperation between China and Brazil.

Zhu arrived here yesterday for the meeting, which was arranged during Chinese Premier Zhao Ziyang's visit to Brazil last October.

COLOMBIAN PRESIDENT-ELECT ON TIES WITH PRC

OW220102 Beijing XINHUA in English 0058 GMT 22 Jun 86

[Text] Bogota, June 21 (XINHUA) -- Colombian President-Elect Virgilio Barco Vargas, in a message this morning to Chinese President Li Xiannian, said the friendship and cooperation between Colombia and China will be broadened and reinforced during his term of office. Vargas expressed his sincere gratitude to Li who had congratulated him on his election as president of Colombia. The Colombian and Chinese people will "undoubtedly continue to work together for peace and fraternity among the nations of the world", the message added.

ZHU XUEFAN MEETS COLOMBIAN SENATOR 20 JUN

OW201433 Beijing XINHUA in English 1205 GMT 20 Jun 86

[Text] Beijing, June 20 (XINHUA) -- China wishes to further its friendship with Colombia and other Latin-American countries, Zhu Xuefan, vice-chairman of the Standing Committee of China's National People's Congress, said here today. Zhu, also vice-president of the Chinese Association for International Understanding, urged the Third-World countries to unite for world peace at a meeting with Senator Luis Carlos Galan, leader of the Movement for New Liberation of Colombia.

Galan described China as a representative of peace, justice and dignity of the people. Colombia has been working for friendship with China over the years, he said.

COLOMBIA'S ECONOMY FLOURISHING, DESPITE PROBLEMS

OW021126 Beijing XINHUA in English 0953 GMT 2 Jul 86

[Summary: Despite Problems, Colombia's Economy Looking Good by Wu Huizhong -- XINHUA headline]

[Text] Bogota, July 1 (XINHUA) -- Colombia's economy registered clear signs of recovery in most of its sectors in the first semester of this year, and the situation will be fairly good for the whole year. Government revenues totalled 1.2 billion U.S. dollars in the first six months of 1986, a 68 percent increase over the same period last year.

The country's international reserves are now at 2.3 billion dollars and are expected to total 3.3 billion by the end of the year. In December 1985, international reserves totalled 1.9 billion.

Exports are making great contributions to the improvement of Colombia's economy. As Colombian ex-President Alfonso Lopez put it, Colombian survival depends on its foreign exchange, and getting more foreign exchange depends on exporting its products with a competitive capacity in the international market. Bananas and flowers are exported in addition to the traditional products such as coffee, petroleum and coal. Tourism is another foreign exchange earner.

Since Brazil, the world's number one coffee producer, was forced to decrease its exports due to drought, Colombia has enjoyed a sharp increase in coffee exports in the first five months of this year; exports are up 79 percent over last year. Authorities say coffee exports will earn Colombia 3 billion dollars this year. The country will also export six million tons of coal this year, which is estimated to bring 240 million dollars to the country.

Economic prosperity has slowed down the growth of the cost of living index, which registered 11 percent up to May and will not exceed 22 percent this year. In 1985, the cost of living index was 22.4 percent. Experts here say relative prosperity has come as a result of economic readjustment policies. But the economic perspective is closely linked with the prices of coffee, petroleum and coal on the international markets.

Recently Colombia's mild coffee prices went from 2.25 dollars per pound to less than 1.80 dollars per pound. The stumbling prices of petroleum and coal will also affect Colombia's foreign exchange income this year. Because of the drop of fuel oil prices, the country will lose 340 million dollars.

As in other Latin American countries, the foreign debt burden can only retard economic development, although Colombia's debt burden is relatively small, totalling 1.3 billion. Nonetheless, last year Colombia devoted 36 percent of its exportation income to pay the services of its foreign debts.

Rising urban unemployment also worries Colombian authorities. In the cities of Bogota, Medellin, Cali and Barranquilla the unemployment rate went from 13.1 percent in December 1985 to 14.3 percent in April this year. And the government had calculated the level would decrease due to increased coffee exports.

The current economic situation in Colombia, despite the difficulties, is relatively good in comparison with its neighboring countries.

RENMIN RIBAO ON CORRECTING MISTAKES MADE IN REFORM

HK011139 Beijing RENMIN RIBAO in Chinese 29 Jun 86 p 1

["Short commentary": "Mistakes Should Be Corrected; Correction Is Permissible"]

[Text] How the mistakes made by certain comrades in reform should be treated has become the talk of the town for some time. In fact, the answer to this question is quite clear: We must allow people to correct their mistakes. The comrades who have made mistakes should have the courage to correct their mistakes.

Reform is an extremely complicated, mass exploratory undertaking. As there are no precedents to follow, mistakes are unavoidable. In a sense, if you permit reform, you should permit mistakes as well. If you do not allow people to make mistakes, it means that reform is impermissible. It is quite normal for the masses to comment on the mistakes arising from reform. As a leading cadre, however, one should adopt a clear-cut attitude, that is, firmly support reform, allow the comrades engaged in reform to make mistakes and correct their mistakes, and enthusiastically help them correct their mistakes.

Does permission to correct mistakes mean that those who have violated laws and discipline will not be held accountable? Certainly not. Those who have violated laws and committed crimes under the signboard of reform should undoubtedly be punished according to the law. Even those who have done something worthwhile in reform whould be held accountable and punished according to law if they violate party and government discipline and state laws. Within the party, all people are equal before party discipline. In society, all people are equal before the law. There is no exception even for those engaged in reform. We should not confuse the legal measures taken to punish criminal offenses with the attack against reform. While investigating and dealing with illegal offenses, we should not be led by irresponsible, groundless rumors or false accusations, nor should we seize upon minor mistakes and conduct investigations for months or even a year or so without drawing conclusions. This will dampen the enthusiasm of the broad ranks of cadres and masses for reform.

Regarding the comrades who have vigorously plunged into the reform, they should have the courage to carry out reforms, to blaze new trails, and to correct their mistakes. Like courageously blazing new trails and doing pioneering work, the courage to correct mistakes is also necessary in carrying out reforms. Without the courage to correct mistakes, there would be no pioneering work, blazing of new trails, or perfection and development of reform.

DISCIPLINE COMMISSION ON PARTY STYLE, REFORM

OW021954 Beijing XINHUA Domestic Service in Chinese 1325 GMT 2 Jul 86

[By reporter May Yi]

[Excerpts] Hohhot, 2 Jul (XINHUA) -- The Central Discipline Inspection Commission held a forum from 25 to 29 June in Tongliao City of Nei Monggol to discuss discipline-inspection work in the five provinces, two municipalities, and one autonomous region of north and northeast China. Information and experience with regard to the work of rectifying party style during the first half of this year were exchanged at the forum. Discussions were focused on the relationship between rectification of party style and the work of reform, and plans for discipline-inspection work in the second half of the year were also drawn up.

Han Guang, permanent secretary of the Central Discipline Inspection Commission, presided over and addressed the forum. He pointed out: "Rectification of party style should be synchronized with the work of reform.: He pointed out the error of the view that rectification of party style hinders reform by citing many facts he had found through his in-depth investigations in Nei Monggol, Shanxi, Tianjin, and Hebei. He said: We must have good party style to guarantee the successful development of reform work. The purpose of rectifying party style is to remove obstacles to, and do away with interference in, the work of reform and to create healthy social and political enviroments for the development of this work.

Han Guang said: We must support and protect those who have a real intention to institute reforms. We must enthusiastically help them correct mistakes and shortcomings, if any, sum up experience, and draw lessons so that they can carry forward their achievements and overcome their weaknesses. As for those who take the opportunity of reform to carry out unhealthy acts and to violate the law and discipline, it is imperative to investigate and deal with them in a serious manner.

The comrades participating in the forum were unanimous in the view that during the first half of this year party committees at all levels put the work of rectifying party style high on their agenda, thereby bringing about an incipient sense of the whole party paying attention to party style. Very fruitful results were achieved in rectification of party style. The six unhealthy trends in party and government organs were put under effective control, and they were by and large absent in most of these organs. Meanwhile, all localities paid attention to unhealthy practices in various trades and began to take steps to correct them. New breakthroughs were made in dealing with major and important cases. In addition, education in party spirit was carried out in a deeper and more down-to-earth way than ever, while a good start was made in improving the work of enforcing discipline. The comrades said that the work over the past 6 months was only a good beginning, and that a rather arduous task remains to be done in the days to come. It is imperative, they said, to bear in mind the most valuable experience of the whole party paying attention to party style; to make unremitting efforts to grasp the investigation and handling of major and important cases, to conduct education in party spirit on a constant basis as an institutionalized system; and to ensure that genuine results are achieved in improving the work of enforcing discipline.

RENMIN RIBAO Commentator

HK030916 Beijing RENMIN RIBAO in Chinese 3 Jul 86 p 1

[Commentator's article: "Rectification of Party Style Should Go Hand in Hand With Reform"]

[Text] The Central Discipline Inspection Commission recently held a forum on the discipline inspection work of eight provinces, regions, and municipalities in North China and the Northeast, summed up and exchanged the situation of and experience in the rectification of party style in the first half of this year, and discussed in particular the relations between the rectification of party style and reforms. Correctly handling relations between the rectification of party style and reforms is an issue which is worthy of our attention at present. Without a good party style, it is impossible to do a good job in reform.

Without a correct understanding of the situation of and the principles and policies for reforms and opening up, it will not be possible to do a good job in the rectification of party style either. The rectification of party style must be simultaneously carried out together with reforms.

The reform of the economic structure which we are carrying out at present is the self-perfection of the socialist structure. It makes progress under the correct guidance of the party's principles and policies and through exploration. Since the beginning of this year, the reform continues to advance steadily on the basis of summing up experience and consolidating the achievements made. There are some localities and enterprises where the reform was carried out relatively early. They are now meeting with some problems as the reform develops in a deep-going manner. There are many reasons for this, but the cause is not the rectification of party style or the correction of unhealthy trends. Reforms are extremely complicated and profound social changes and they are bound to meet many obstacles and much interference. The purpose of rectifying party style is precisely to remove obstacles to and interference with reforms and to create a favorable social and political environment for promoting the development of reforms. On the other hand, through carrying out reforms, further amplifying and perfecting various regulations, stopping up all loopholes in management, and overcoming setbacks which hamper the development of the productive forces, unhealthy trends can be effectively prevented or reduced. Facts have shown that the rectification of party style is in line with reforms. The two things supplement each other and promote each other.

The rectification of party style and the correction of unhealthy trends do not restrict reforms but protect reforms. Unhealthy trends are not brought about by reforms, but some unhealthy trends do indeed emerge in the course of reform. The rectification of party style and the correction of unhealthy trends require serious investigations of, ascertaining the responsibilities of, and solemnly punishing, people who, under the disguise of carrying out reforms, avail themselves of the loopholes in reforms, engage in dishonest practices, abuse their power to seek personal gains, and commit crimes in defiance of the law. They also include taking a clear-cut stand in supporting reforms and enthusiastically helping comrades who have made some mistakes in the course of reform to correct their mistakes and continue to go forward.

An important thing in properly handling the relations between the rectification of party style and reforms is to have a good grasp of policies and draw clear lines of demarcation. We should not give up the handling and investigation of cases which involve crimes and violation of discipline simply because we fear that we might be regarded as people interfering with reforms. Nor should we groundlessly regard setbacks and mistakes in reforms as cases of violation of discipline and investigate them as such, thus treating as unhealthy trends activities which are permitted by policies and causing people to become overly cautious. In short, we should guard against handling complicated problems in an oversimplified manner and should seek truth from facts, make specific analyses on specific problems, resolutely rectify party style, resolutely carry out reforms, and push forward socialist modernization.

LIAOWANG ON SHENYANG MAJOR REFORM EXPERIMENTS

HK030432 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 25, 23 Jun 86 pp 17, 18

[Article by Zhou Baohua and Lin Chen: "The Three Major Reform Experiments in Shenyang"]

[Text] Shenyang is one of the few major cities in China that has been designated as an experimental city in the overall structural reform. Being an experimental city means making breakthroughs and blazing new trails. In the light of the reform program and blueprint worked out at the 3d Plenum of the 12th CPC Central Committee, the decision-makers in Shenyang have proceeded from the actual conditions and actively, prudently, daringly, and scientifically carried out a series of reform experiments closely related to the central task of developing the socialist commodity economy.

Rental Operation

Shenyang is the first city in China to allow individuals to rent and run small industrial enterprises to carry out reform and experiments on a trial basis. Meanwhile, this is also the first project of the numerous reform experiments conducted in Shenyang.

In the latter half of 1984, the Shenyang car industrial company chose two of its subordinate enterprises -- the Shenyang car petroleum pump factory and the Shenyang car axle factory -- as experimental units to be rented and run by individuals. Through procedures like inviting tenders, entering bids, replying to queries, carrying out examinations, and so on, the best renter was determined from among the numerous tenders (in each factory). With the guarantee of a certain amount of personal property and two guarantors and the operational rights acquired through fulfilling legal notarization, the render can become the legal representative of the enterprise.

To become relatively independent commodity producers, enterprises should appropriately separate their right of operation from their right of ownership. This viewpoint has been repeatedly expounded by Chinese theoretical circles. As far as the enterprises are concerned, reform means looking for specific ways to appropriately separate these "two rights." The rental operation can be said to be a more thorough way than many other ways of "separation" for which people are looking.

This pattern of operation has broken through the long-standing traditional practice of the whole people-owned enterprises being directly run by the state and the state of enterprises being subsidiary bodies of government organs. Meanwhile, introducing the legal means into the economic work can legally ensure the interests of the state, enterprises, staff, workers, and renters.

It has been proved by practice that this pattern of rental operation can play an evident role in saving small enterprises that are having a bad time. The Shenyang car petroleum pummp factory and Shenyang car axle factory had had a hard time in production for years. However, after the rental operation in the latter half of 1984, the output values of these two factories increased by 59 percent and 67 percent respectively, their profits increased by 320 and 1,300 percent respectively, and the income of their staff and workers also increased by 50 percent above the first half of the year.

Zhao Xiyou, manager of the Shenyang car industrial company, told reporters, "The rental operation of the industrial enterprises is, in fact, a kind of most stringent director responsibility system. In the past, as no importance was attached to the interests of the operators, it was difficult to mobilize their initiative. However, rental operation can link the interestss of the operators, the state, enterprises, and staff and workers and make directors treat the matters of their factories as carefully as they do the furniture in their own home."

With the deepening and developing of this experiment, the Shenyang City CPC Committee and government promptly summed up their experiences and promulgated the "provisional regulation for the rental operation of small state-run enterprises: in the whole city. At present, this is the first regulation governing the rental operation of enterprises in China. It explicitly points out that this rental operation by individuals is a kind of socialist operational pattern integrating the rental mechanism, the pattern of distribution according to work, and the system of democratic management on the premise of not changing the nature of ownership of enterprises. The bonuses shared by the renters according to the rental contracts are their personal gains from labor and should be protected by the laws of the state. In consideration of the risks involved in the rental operation, it is not appropriate for the renters to make all the income in the year become consumption funds. They should save a part of their income in the enterprises as the rent deposits, so as to strengthen their capability of taking risks. When this rental operation ends, this part of money will still belong to the renters according to the terms in the contracts.

Last year, 33 small industrial enterprises in Shenyang started rental operation. Their total industrial output value increased by 61.5 percent over last year and their total profits went up by 230 percent, which are 4 and 6 times as much as the average growth rates in the whole city. This year, as many as 63 households in the whole city are carrying on rental operation on an individual basis.

Bankruptcy

If it is said that rental operation is to encourage the vitalization of money-losing enterprises by mobilizing the initiative of the operators, then the handling of bankruptcy is a punishment for this kind of enterprise.

While people in China were still contending whether the issue of enterprise bankruptcy existed in a socialist society, Shenyang, however, on the premise of careful investigation and study and the spirit of proceeding from facts, worked out and promulgated last February the "provisional regulations concerning handling the bankruptcy and liquidation of urban collective-owned industrial enterprises" to make the issue of bankruptcy go from theory to practice.

In order to become relatively independent commodity producers and operators, socialist enterprises must resolve the issue that enterprises are only responsible for making profits but not incurring losses and truly assume sole responsibility for their profits and losses. Shenyang's "bankruptcy regulations," which contain 26 clauses, have given full expression to this new concept. They stipulate that an enterprise whose liabilities outweigh its assets, that has been suffering from losses incurred by non-policy mistakes for 2 years running, or whose deficits have exceeded its fixed assets by 80 percent should be counted as coming close to the boundary line of bankruptcy and liquidation.

After a year of consolidation and salvation, if it still does not improve its performance, it should formally declare bankruptcy and all its assets should be used to repay debts. In this case, without exception, all the workers and staff would become job-awaiting workers and staff and live on social relief funds of bankruptcy and liquidation.

On 3 August, in the light of the "bankruptcy regulations," the Shenyang industrial and commercial bureau gave the No 3 farm machinery factory, the hardware factory, and the explosion protection equipment factory in the city a "bankruptcy warning," asking them to carry out consolidation and salvation in a year's time. Giving notice in advance and a deadline shows that Shenyang not only regards the handling of the money-losing enterprise in bankruptcy as a kind of punishment but, more important, as a kind of impetus.

This "yellow-card warning" shocked the whole city. As the way of "everyone eating from the same big pot" is blocked and the workers and staff feel that their personal honor and gain are closely linked with the interests and prosperity of the factories for which they work, the regulations concerning bankruptcy and liquidation thus closely integrate the interests of the workers and staff with those of enterprises and made them unite for the same cause. Therefore, the workers and staff at the No 3 farm machinery factory and the hardware factory were awaken. They strengthened their business management, strove to open up markets, and improved the quality of their products; and soon after, these factories showed signs of benign cycles. Because the explosion prevention equipment factory was in a hopeless state and unable to make a recovery, it declared bankruptcy not long after.

Leaders of the State Council have fully affirmed Shenyang's "bankruptcy regulations." The first large-scale "symposium on the theory and practice concerning the bankruptcy and liquidation of enterprises" was held in mid-June in Shenyang. This reform experiment of Shenyang has submitted an extremely valuable "laboratory report" for reference to the formulation of the Chinese enterprise bankruptcy law.

The Share System

The economy of shares system is also a sizable "forbidden zone" in China. Just as they look upon the rental operation and bankruptcy, quite a few people also tend to regard the shares system as a "patent right" of capitalism. The third major experiment conducted by Shenyang in the economic structural reform is to break through this forbidden zone and mobilize all the economic means to serve socialist construction. Beginning in the latter half of last year, Shenyang made a reform experiment of asset shares in two collective-owned enterprises under the administration of the Bureau of Engineering Industry.

This is a reform of the enterprise ownership structure. The shares of these two experimental enterprises are composed of state shares, collective share, and individual shares. These enterprises are allowed to issue shares to other institutes, enterprises, and individuals. The shareholders jointly run the enterprises, share benefits, and take risks. Enterprises' after-tax profits will be distributed among the shareholders according to the proportion of their shares.

If an operational loss occurs, all the shareholders can not have any bonuses but jointly split the loss according to the proportions of their shares in the total shares of the enterprise. The shares owned by enterprises are uniformly controlled by the people's bank; shares owned by individuals are allowed to be transferred and may also be given away, inherited, and mortgaged within the scope of laws.

After converting their original assets into shares, the Shenyang compressor factory and Shenyang compressor air valve factory, which have been designated as the experimental units, respectively issued 300,000 and 150,000 yuan of individual shares to workers and staff, accounting for 16 percent and 13 percent of the total assets of the enterprises. Thus, we can see that the shares owned by individuals only make up a small part of the total shares of the enterprises; the major parts are still the state shares and collective shares. Therefore, the issue of monopoly held by individuals will not possibly come up and the nature of the enterprises' socialist public ownership will not possibly change.

After implementation of the shares system, the workers and staff became the owners, operators, laborers, and beneficiaries of the enterprises and the initiative and creativeness of the workers and staff were unprecedentedly aroused. Last year, the output value of the small compressor factory and the compressor air valve factory respectively increased by 24.5 percent and 27.5 percent over the previous year and their profits went up by 26.6 percent and 27.5 percent. The bonus and share interests of every 100 yuan of individual shares owned by the workers and staff in the two enterprises were respectively 28.8 yuan and 31.48 yuan.

In March of this year, the Shenyang City Government approved another 19 collective-owned enterprises of the engineering industry and 1 small state-run enterprise as experimental units of the shares system. In light of the experimental results, the relevant departments in Shenyang are now drafting a regulatory document governing the implementation of the shares system in the small enterprises in the whole city.

The ongoing three major reform experiments of rental operation, bankruptcy, and shares system in Shenyang have already shown and are showing great vitality. Of course, being a kind of explorative work, it still has many shortcomings to be further improved. For example, the rental operation of small enterprises is still being experimented with among enterprises that are losing money or on the verge of losing money; is it applicable to money-making enterprises? Besides, can the rental operation be expanded to some larger enterprises? Because most of the renters do not have the necessary cash deposits, notwithstanding that the contracts contain the clauses concerning bankruptcy in lieu of rent and the "regulations" specify that a renter should not convert all his income into consumption funds and must save part of his income in the enterprise as rent deposits, how should we resolve the issue of compensation if bankruptcy occurs in the very first year? How should we "appropriately support and save" enterprises that are on the verge of bankruptcy and in the 1-year-long "salvation period?" The enterprise bankruptcy regulations have not yet drawn a clear demarcation line of saving and supporting these enterprises.

And, after implementation of the shares system, how should we give expression to the principle of distribution according to work within enterprises? Should we and how do we bring individual shares under control? After implementation of the enterprise shares system, how do the party organizations, trade unions, and workers' and staff's representative assembly in the enterprises carry out their work? And so on and so forth. At present, Shenyang is studying and discussing these issues.

RENMIN RIBAO URGES MANAGEMENT OF LAND BY LAW

HK021021 Beijing RENMIN RIBAO in Chinese 27 Jun 86 p 2

[Commentator's article: "Properly Manage and Use Land According to the Law"]

[Text] "The law of the PRC on land management" has been promulgated and will go into effect on 1 January 1987. This is the first law adopted by our country on land management. Its guidelines are laid out for treasuring and making proper use of land, protecting cultivated land, saving land used for economic construction, strengthening land management in an unified way by administrative, economic, and legal means, and safeguarding the legitimate rights and interests of land owners and users. The promulgation of the law marked the beginning of a new stage in managing the land of our country by legal means, and has provided a practical legal basis for management and use of the land according to the law, including enforcing punishment for those who occupy and use land at will. As long as we abide by the law and strictly enforce it, the most valuable land resources in our country will certainly be used more rationally.

The average per capita land area in our country accounts for merely about one-third of the world average. Due to poor management and other factors for a long time in the past, cultivated land is ever decreasing in our country. According to incomplete figures, the average per capita arable land area has decreased by nearly 50 percent since the founding of the People's Republic. In recent years, the area of arable land that decreased in a year in some provinces was equivalent to the total area of cultivated land of a medium-sized county. What is worse, the land that decreased in these provinces accounted for a large proportion of good farmland. Recalling the celebrated dictum of William Petty that "labor is the father of wealth and land is the mother of wealth," which Karl Marx appreciated very much, every citizen of our country should increase his vigilance over the present state of affairs in management and the use of land.

The essential factor contributing to the present ever-growing evil trend of indiscriminately occupying and using land is the lack of a complete legal system governing land management. From 1955, the party and the government promulgated a series of rules and regulations governing management and use of land and issued a number of relevant circulars, none of which were integrated and comprehensive in terms of law, thus failing to strike relentless blows at those who occupy and use land at will. With the law on land management promulgated, every citizen of our country should protect and use land in accordance with the law. Leading organs, land management organizations, and judicial departments should strictly enforce the law on all cases of indiscriminately occupying and using land. Defying and roughly enforcing the law is not permissible.

The law reflects a mandatory idea of the state: "It is absolutely necessary to establish a good social order by measn of law." Before "the law of the PRC on land management" is put into effect, all localities should conscientiously publicize the law and enhance the legal sense of all citizens in management and use of land through education. All provinces, autonomous regions, and municipalities should establish and improve their organizations for enforcing the law without delay and adopt the relevant measures so as to create more favorable conditions for the enforcement of the law.

XINHUA COMMENTATOR STRESSES VOCATIONAL EDUCATION

OW021045 Beijing XINHUA Domestic Service in Chinese 1147 GMT 1 Jul 86

[Text] Beijing, 1 Jul (XINHUA) -- Title: Look at Vocational Education from a Strategic Viewpoint -- By XINHUA Commentator

Education is one of the major strategic components in our four-modernization program. Not only is it aimed at training thousands upon thousands of useful people to serve the needs of our cause today, but it also has a bearing on the future of our motherland. Vocational education, an important component of education, is a major task which directly concerns the improvement of quality of our vast number of staffs and workers. Therefore, we must look at vocational education from a strategic viewpoint.

However, some people are not paying sufficient attention to vocational education. Some think that vocational education "does not rank as an important task." The leaders of some departments think that "meeting production targets is the most important part of our work, while vocational training is a less important task," that "a product, unless it qualifies, cannot pass the test, where as the quality of a laborer is not easy to assess," and that "anyone can get a job whether he has been trained or not." These erroneous ideas have to be clarified.

Compared with general education, vocational education is more closely and more directly connected with improving production and developing the economy. Only if our laborers are equipped with modern professional knowledge and technological know-how can we develop production in depth and in breadth. To develop economic construction, we should draw up plans, adopt diversified ways, and set up different standards for training different levels of qualified personnel in the various specialized fields according to established rations. We need not only high-level professionals but also a large number of primary and middle-level technical and managerial personnel, as well as a reserve work force consisting of millions of people who possess knowledge and technical skills in various specialized fields, in addition to basic education. The principal method to meet this requirement is to develop vocational education.

The decade-long turmoil has caused a disproportion among the various categories of personnel in our country. Surveys conducted by the departments concerned in some cities reveal that in many factories the ratio between engineers and technicians is more than five to one, and that some units even have a ratio of none to one. According to estimates of developing countries, for each engineer, there should be 5 technicans and 20 skilled workers. This provides for the highest level of productivity.

In our country, because of a lack of personnel at certain levels, some localities and units are unable to achieve a high usage rate of their equipment and to make full use of their advanced technology and their advanced machinery and equipment.

While going all our to develop vocational education, we may use the method of recruiting trainees instead of recruiting workers and change the practice of training a worker after employing him to training him before employing him. By so doing, we will raise the quality of the reserve work force and create favorable conditions for increasing labor productivity. Practice has proven that this can play a significant role in raising productivity and promoting production.

The change in our country's rural economic structure requires reform of the secondary educational structure, development of vocational education, and the training of agricultural scientists and technicians in the countryside so as to promote the development of the rural commodity economy.

With the development of tertiary industry, the commercial and service trades need scores of competent technical and managerial personnel, as well as a large reserve work force. These people should also be trained through vocational education.

Vocational education has boundless prospects. We should look at this task from a strategic viewpoint and make earnest efforts to solve such problems as operating expenses, teachers, school buildings, and other facilities. We should see to it that education departments coordinate well with personnel-recruiting units and that all quarters fully display their initiative so as to make a real success of vocational education.

LIAOWANG ARTICLE ON CURRENT ECONOMIC SITUATION

HK021526 Hong Kong LIAOWANG OVERSEAS EDITION No 26, 30 Jun 86

["Letter From Beijing" by Bao Xin: "How To View the Current Economic Situation" -- written 23 June]

[Text] Dear friend,

In your letter you asked me about the different views of China's economists on the current economic situation. This question has indeed aroused people's attention. The first half of this year is over and economic statistics have not yet been disclosed. But the basic situation of our national economy is quite clear. On the whole, the current economic situation is good and is developing healthily, steadily, and with coordination. In agricultural production, summer grain has been harvested and output is expected to exceed that of last year. China's grain output dropped last year due to a decrease in grain-sown area. Despite our country's sufficient grain reserves, some people were very worried about the situation. In view of this, governments at all levels have paid serious attention to this year's grain production. They have grasped grain production earlier and more meticulously, and have adopted such methods as developing industry to complement agriculture, readjusting the prices of grain alloted by the state, reducing the quantity of grain purchased by contract, and reducing prices of chemical fertilizer to support peasants, thus greatly improving the situation in grain production. If no serious natural disaster occurs this year, a good harvest is expected in this year's grain production.

In industrial production, the growth rate of China's industrial production has dropped, and is expected to stand at about 5 percent for the first half of this year. In other fields, the market is brisk and prices are basically stable; the rural commodity economy is developing steadily; the total foreign trade volume is increasing; and bank savings deposits are on the rise. In short, the general situation of the national economy is good, but some problems still exist. Of all the different views on the current economic situation, the main one concerns the decrease in the growth rate of industrial production. China's industrial production growth rate for the first half of last year was 23 percent, but it stands at about 4 or 5 percent since the beginning of this year. Therfore, some people argue that the sharp drop in the growth rate indicates a "recession" in industrial production and a "downward trend" in the growth rate. Others believe that this drop is an "undulation" in industrial production in the replacement of the old economic system by the new one, and was inevitable. Still others believe that the main cause for the low growth rate is a periodic change in the growth rate of industrial production.

How should we view this question? First, it must be pointed out that the industrial growth rate in the first half of last year was excessive, or "extremely high," which resulted from our failure in macroeconomic control of capital construction and credit. Following a series of urgent measures taken by the state on macroeconomic control, China's industrial growth rate droped month by month in the second hald of last year, to 10.8 percent in December of last year. Second, we must understand that this year's industrial growth rate is not too low on the basis of last year's "extremely high" growth rate. Despite the low industrial growth rate, a relatively high growth rate has been recorded in energy, raw materials, and light and textile industries. Some products were unmarketable or eliminated through competition due to their inferior quality and high prices. Of course, this does not mean that there are not problems in this year's industrial production, nor does its mean that no attention should be paid to the growth rate of industrial production. We must stress the growth rate, and do it in a reasonable way. Judging from the present situation, to achieve the average annual growth rate of 7.5 percent in this year's industrial production, which was set in the Seventh 5-Year Plan, great efforts need to be made.

The focus of current industrial production is economic results. In his "Report on the Seventh 5-Year Plan," Premier Zhao Ziyang pointed out: "We must strive for a continuous and relatively high growth rate on the basis of improving economic results and upgrading the quality of our products." At present, the economic results of some enterprises have failed and the quality of some products has dropped. This situation must be thoroughly changed. To properly grasp current industrial production, we must focus our work on improving economic results; combine economic results, growth rate, and staying power; improve business management; continuously upgrade the quality of products; vigorously increase the production of marketable, fine quality, and famous brand products; and do our best to reduce production costs and cut down the consumption of raw materials. The current economic situation indicates that China has made a good start in implementing the Seventh 5-Year Plan, and is also facing many problems. We are marching forward in exploration and we must conduct more study and investigations, continuously sum up experiences to make improvement, and resoultely carry out reforms so as to develop the national economy continuously and steadily.

Yours truly, Bao Xin

INDUSTRIAL NOISE POLLUTION STANDARDS ESTABLISHED

OW021732 Beijing XINHUA in English 1512 GMT 2 Jul 86

[Text] Beijing, July 2 (XINHUA) -- Chinese industrial enterprises must try to limit noise in workshops to less than 90 decibels, under new noise control norms that became effective nationwide Thursday.

This means that 90 percent of factory workers working eight hours a day at a noisy site will no longer suffer deafness, heart trouble or neurasthenia after 30 years. A decibel is the least intensity of sound at which a noise can be heard.

The norms, issued by the State Planning Commission, say that noise-control devices must be installed for any new construction project, or a project under expansion of renovation.

They also set noise standards for facilities within a factory and areas around the factory, including residential areas, commercial centers, cultural and educational areas and sidewalks of trunk roads.

Moreover, the norms specify measures to meet noise standards for industrial firms, such as the selection of factory sites and equipment, design of technology and pipelines, and the distribution of workshops.

A researcher at the Beijing Institute of Labor Protection Studies said, "We'll certainly achieve a big success in fighting noise pollution so long as we make designs according to the new standards." The norms were drawn up by the institute and 13 other units following five years of investigation throughout the country.

TOP CITIES FOR INDUSTRIAL OUTPUT VALUE LISTED

OW021614 Beijing XINHUA in English 1502 GMT 2 Jul 86

[Text] Beijing, July 2 (XINHUA) -- China has 17 cities, of which the total industrial output value topped 10 billion yuan each last year, the State Statistics Bureau reported today.

On the basis of the 1980 prices, Shanghai, China's leading industrial center, generated total industrial output value of 65.5 billion yuan last year, ranking first in the country. Beijing and Tianjin occupied the second and third places, respectively.

Other cities included Suzhou, Wuxi, Guangzhou, Shenyang, Wuhan, Hangzhou, Chongqing, Nanjing, Dalian, Ningbo, Yangzhou, Qingdao, Chengdu and Changzhou.

Altogether, 24 cities in China yielded total industrial output value between five billion and 10 billion yuan each in 1985, the bureau said.

Last year saw China's 324 cities generate total industrial output value of 807.76 billion yuan, accounting for 87.3 percent of the nation's total.

ANHUI'S LI GUIXIAN ATTENDS COMMENDATION MEETING

OW011331 Hefei Anhui Provincial Service in Mandarin 1000 GMT 30 Jun 86

[Excerpts] The party committees of the organs directly under the jurisdiction of the Anhui provincial authorities held a grand meeting this afternoon at the Jianghuai Theater to commend the organs' advanced party branches, party groups, and 163 outstanding party members. Since the organs launched a campaign in 1984 to create advanced party branches and party groups, and to strive to become outstanding party members, a large number of party branches and party groups, which strictly observe organizational discipline and have done well in ideological-political work, have come to the fore. In addition, many party members who cherish ideals, observe discipline, boldly participate in reforms, and serve the people wholeheartedly, have also emerged.

Li Guizian, secretary of the Anhui Provincial CPC Committee; Xu Leyi, deputy secretary of the committee; Vice Governor Meng Fulin; Liu Guangcai, member of the Standing Committee of the provincial CPC Committee and director of its Organizational Department; (Chen Guanghua), vice chairman of the provincial Advisory Commission; Su Hua, vice chairman of the provincial People's Congress Standing Committee; and (Li Jiqiang), vice chairman of the Anhui Provincial CPPCC Committee, attended the meeting and presented citations and certificates of merit to the representatives of those commended.

Comrade Xu Leyi addressed the meeting. He said: Directly led by the provincial CPC Committee, organs under the jurisdiction of the provincial authorities bear a special responsibility for improving party work and work style in the whole province. For this reason, they should advance ahead of others. They should further unify the thinking and actions of all party cadres, study and implement the guidelines of the National Conference of Party Delegates and the Fourth Session of the Sixth National People's Congress, and make new contributions this year, the first crucial year of the Seventh 5-Year Plan.

Comrade Xu Leyi pointed out: Organs under the direct jurisdiction of the provincial authorities should strive to improve the work style and party conduct within their organizations and set an example in rectifying party style. This is a major and long-term political task confronting the party organizations of these organs. Therefore, they should constantly undertake the work of rectifying party style. They should strive to raise work efficiency in the organs, and to markedly improve their work style by means of rectifying party style and enhancing the party's combat strength.

Responsible comrades of various units of the provincial organs also attended today's meeting.

HAN PEIXIN ATTENDS JIANGSU PARTY STYLE MEETING

OW010520 Nanjing Jiangsu Provincial Service in Mandarin 1000 GMT 29 Jun 86

[Text] A provincial meeting to exchange experiences in the rectification of party style was held in Nanjing from 25 to 29 June. Secretaries of city, county, and district discipline inspection commissions and directors of city offices in charge of economic cases throughout the province attended the meeting, totaling 350 persons.

Han Peixin, Shen Daren, Chen Huanyou, Gu Hao, and other leading comrades attended and addressed the meeting.

At the meeting, Xing Bai, Lu Qi, and Zhang Pinhua transmitted the guidelines of a forum sponsored by the Central Discipline Inspection Commission on discipline inspection, case handling, and the handling of letters from and visits by people. Comrade Xing Bai also made a work report.

Twenty-six units and individuals, including the Chengguang machinery plant and Yangzhong County, made reports on their experiences in this regard. The meeting held: Party committees at various levels across the province have strenthened their leadership over the rectification of party style. The party style has been rectified, starting from leading bodies and cadres at and above the county level. As a result, unhealthy trends have been effectively corrected, and major or serious cases have been investigated and dealt with. In addition, a general checkup on party style has been conducted, and the education on party spirit has been stepped up. Besides, a system of responsibility by leaders in the rectification of party style has been generally instituted. Remarkable results have been achieved in all these regards, which have promoted the sound development of reform and economic construction.

The meeting pointed out: there are still many problems in party style. Party committees at various levels should continue to implement the principle of persistently and seriously grasping the rectification of party style for 2 years. They should firmly and effectively rectify party style in order to bring about a fundamental turn for the better in this regard.

The meeting stressed: In the second half of the year, it is necessary to further rectify party style in leading bodies at and above the county level, especially in provincial-level organs. Continued efforts should be made to investigate and deal with major or serious cases. [passage indistinct] It is necessary to continue the education on party spirit with ideals, purpose, and discipline as its main contents, in order to enable party members to strengthen their party spirit and firmly foster the idea of serving the people wholeheartedly..

JIANGXI HOLDS PARTY RECTIFICATION MEETING 23-27 JUN

OW010002 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 28 Jun 86

[Excerpts] A provincial forum of prefectural and city party secretaries on party rectification work was held in Nanchang 23-27 June. The meeting called on party organizations at all levels in Jiangxi to effectively strengthen the leadership over party rectification work for successfully carrying out party rectification at the township level, earnestly unfolding party rectification at the village level, and consolidating and developing the achievements in party rectification as a whole, thereby facilitating a fundamental improvement in party style and further deepening the reform.

Pei Dean, Standing Committee member of the provincial CPC Committee and director of its Rural Department, chaired the closing session held on the afternoon of 27 June. Xu Qin, deputy secretary of the provincial CPC Committee, made a summing-up speech. Attending the meeting were responsible comrades of the provincial CPC Committee's office for guiding party rectification, all prefectural and city party secretaries, responsible persons of the office for guiding party rectification and investigation groups in all prefectures and cities, and officials from provincial departments concerned, totalling some 250.

The meeting transmitted the instruction of the Central Commission for Guiding Party Rectification and the guidelines of the forum of secretaries of the seven provincial and autonomous regional CPC committees in southern China, analyzed the situation of township-level party rectification in Jiangxi; set clear demands for successfully carrying out the township party rectification; discussed arrangements, tasks, and demands for the village-level party rectification; and clarified the guidelines, principles, policies, focal points, and methods for conducting the village party rectification. The meeting also implemented the guidelines of the national meeting on investigating the three types of persons, reviewed Jiangxi's progress and setbacks in the investigation work, and mapped out the demands and measures for ensuring successful investigatory work. At the same time, the meeting studied measures for further consolidating and developing the fruits of party rectification.

In his speech, Comrade Xu Qin said: So far, 90 percent of Jiangxi's rural townships have basically completed party rectification work. In the course of party rectification, the townships have carried out extensive and in-depth education in ideals, goals, and policies, firmly corrected a few unhealthy practices; and promoted the economic reform with the party rectification, thereby solving problems without disrupting order. However, progress has been uneven in township party rectification in Jiangxi. Therefore, it is necessary to exert efforts to ensure success of the township party rectification by paying close attention to townships where the party rectification work has been lagging behind, solving problems left over from history, earnestly carrying out party rectification in units dispatched by county government to townships, and improving leading bodies of township party organizations.

Comrade Xu Qin said: It is necessary to attach great importance to the village party rectification. As 52 percent of party membership in Jiangxi is in rural areas, it is of immediate significance to do a good job in party rectification at the village level. In unfolding village party rectification, efforts should be concentrated on work in three fields:

First, it is necessary to educate party members.

Second, it is necessary to investigate and handle a number of typical serious cases in rural areas involving party members who abuse power to seek personal gains in violation of law and discipline.

Third, it is necessary to reorganize and beef up leading bodies of village party branches.

At present, it is necessary to continue preparations for the village party rectification, including readjusting and appointing new members of leading bodies of village party branches, party secretaries in particular. It is also necessary to train the publicists and lecturers and do a good job at selected points in order to accumulate experience for carrying out party rectification in rural areas as a whole.

Comrade Xu Qin called on party organizations at all levels to strengthen the leadership over party rectification work by assuming a serious and responsible attitude as well as assigning appropriate personnel to take charge of the work. Currently efforts should be concentrated on strengthening the leadership over the village party rectification by paying a great deal of attention to the work in ideology, ensuring its success with organizational guarantee, giving leadership guidance at different levels, and stressing investigation and study and summing up experience as far as questions on leadership style are concerned. By doing so, we will be able to continuously advance the party rectification work in Jiangxi in a wholesome manner.

SHANDONG RALLY MARKS PARTY FOUNDING ANNIVERSARY

SK010420 Jinan Shandong Provincial Service in Mandarin 2200 GMT 30 Jun 86

[Text] On the afternoon of 30 June, the provincial CPC Committee and the provincial government held a rally at the Zhenzhuguan Auditorium to mark the 65th party founding anniversary and to report on the province's economic situation in the first half of the year and the tentative economic plans for the second half of the year to the retired cadres of the provincial organs and the retired cadres at and above the department and bureau level in Jinan.

Li Changan, deputy secretary of the provincial CPC Committee and governor, gave a speech at the rally. He said: During the first half of this year, we have mainly carried out the following few tasks in line with the plans of the central authorities and the guidelines of the provincial CPC Committee's major points of work for 1986:

1. We have grasped the work of consolidation, digestion, supplement, and improvement in the economic structural reform.

2. We have grasped the work of preventing a big retrogression after a large increase in industrial production and of guaranteeing an appropriate growth rate.

3. We have firmly solved the problems in readjusting the wages of enterprises workers.

4. We have grasped the implementation of the central document No 1, and extensively carried out the second step of rural reform.

5. We have implemented policies and solved the leftover historical problems.

6. We have grasped the township- and town-level party rectification.

7. We have improved the work style of organs.

Based on these tasks, the provincial departments at all levels have gone deep into the reality to conduct extensive investigations and study. They have held rural work conferences, economic work conferences, the seventh plenary session of the fourth provincial CPC Committee, an economic work forum, and the party rectification work meetings. During the past 6 months, through the concerted efforts of all quarters, all fronts and all fields throughout the province have proceeded with their work smoothly and scored remarkable results. Viewed from the general situation, the province's political and economic situations are good. We should attribute these achievements to the efforts of the broad masses of cadres and the people throughout the province to conscientiously implement the various directives of the central authorities, to work vigorously and diligently, and to pioneer the road of advance.

We should also attribute these achievements to the efforts of the retired veteran comrades. In the first place, the present work achievements have been gained on the basis of the former veteran comrades' work. Without yesterday there would not be today. Second, may retired veteran comrades are still concerned about the party's cause. They have gone to the grass roots with indefatigable zeal to conduct investigations and study, undertaken social work on their own initiative, and offered many constructive suggestions to the provincial CPC Committee and the provincial government.

Third, the broad masses of veteran comrades have given consideration to the overall situation, safeguarded unity among people in and outside the party and of all quarters, and actively supported comrades working on the first line in an effort to unceasingly consolidate and develop the province's excellent situation.

Comrade Li Changan also gave a report on the work of the second half of the year. He expressed the hope that the retired veteran comrades will continue to show concern for the party's cause, offer more advice and suggestions within their power, and actively contribute to making the people rich and Shandong Province prosperous.

SHANGHAI PARTY RECTIFICATION ENTERS SECOND STAGE

OW010402 Shanghai City Service in Mandarin 0000 GMT 29 Jun 86

[Text] Second-stage party rectification work in our city has now begun in the second group. Basic-level factories, stores, middle and primary schools, hospitals, town, and township enterprises throughout the city have all begun their party rectification work.

The Shanghai municipal meeting on party rectification work which ended yesterday stressed: Party rectification must ensure and promote reform. Party organizations at all levels throughout the city must have a clear understanding of this guiding ideology for party rectification.

The meeting pointed out: Party rectification at basic-level units should be oriented to raising all party members' party spirit. Reform must be made an important content of education in party spirit. Party rectification should be utilized to reinforce party members' ideological and psychological readiness to cope with reform. In improving party style, the problem of a small number of cadres' abusing power for private gains should be tackled while unhealthy tendencies in industries and trades should also be corrected.

The municipal meeting on party rectification work began on 24 June and lasted for 4 days, sitting for one half day each day. The meeting conveyed and studied the guidelines of the discussion meeting on party rectification work in the six coastal provinces and cities held in Nanjing by the Central Party Rectification Guidance Commission. With Shanghai's practical condition in mind, the meeting discussed and studied how to make party rectification at basic-level units a success and how to consolidate and develop the party rectification results in units where party rectification has concluded. The meeting held: The party rectification task of the whole city is still very heavy and party committees at all levels must by no means relax their efforts. They must creatively accomplish the party rectification task.

CENTRAL-SOUTH REGION

GUANGDONG ISSUES OVERSEAS CHINESE INVESTMENT SHARES

HK010719 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1505 GMT 30 Jun 86

["Guangdong Province Issues Shares for Overseas Chinese Investors for the First Time" -- ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 30 Jun (ZHONGGUO XINWEN SHE) -- With the approval of the State Administration of Exchange Control, as of 1 July, for the first time Guangdong Province will issue throughout the province shares for Overseas Chinese investors. All relatives and family members of Chinese nationals residing abroad who possess foreign currency in cash may subscribe to these shares.

Guangdong is the first province in China to issue shares for Overseas Chinese investors. Earlier, Guangdong Province issued foreign currency denomination shares on two occasions to raise funds for such key construction projects in the province as the Shajiao power plant, Guangzhou-Foshan expressway, Yunfu cement plant, and Shantou sensitive paper plant. The current issue is different from the other two in that the objects of the issue are extended from Overseas Chinese and compatriots in Hong Kong, Macao, and Taiwan to relatives and family members of Chinese nationals living abroad, including family members of compatriots living in Hong Kong, Macao, and Taiwan and returned Overseas Chinese. The time has been shortened and the interest rates have been raised.

It has been learned that the current issue of shares is divided into two kinds, namely, U.S. dollar and Hong Kong dollar denominations. The U.S. dollar denomination shares are fixed at $10 per share, with an annual interest rate of 8 percent for the 1-year period and 9 percent for the 3-year period; the Hong Kong dollar demonination shares are fixed at HK$100 per share, with an annual interest rate of 7 percent for the 1-year period and 8 percent for the 3-year period. The principal and interest of shares subscribed with foreign currency will be guaranteed and paid for in cash in foreign currency. The money can be reinvested but cannot be directly remitted abroad. If there is a genuine need to remit the money abroad, applications should be made to the foreign exchange control departments.

The Guangdong International Trust and Investment Corporation is in charge of issuing shares for Overseas Chinese investors. The company has a registered capital of 600 million yuan and its total assets last year were over 1.2 billion yuan.

350,000 CONTRACT WORKERS EMPLOYED IN GUANGDONG

OW260908 Beijing XINHUA in English 0614 GMT 26 Jun 86

[Text] Beijing, June 26 (XINHUA) -- More than 350,000 contract workers have been employed in Guangdong Province since employment reforms were first introduced there in 1983, today's "PEOPLE'S DAILY" reported.

Guangdong is a pioneer of the contract system, which is now being tried out all over the country.

Provincial authorities decided three years ago that all new employees of state- and collectively-owned businesses above county level would be hired on contracts of varying lengths.

Contract workers enjoy the same labor rights as other workers, and pay into state-run health-care and pension schemes.

The experimental system is designed to break the former "iron rice-bowl" system, under which workers are given jobs for life on fixed incomes, regardless of how well they work.

Under the contract system, businesses can increase or cut labor according to production needs, and employ people on a selective basis. Meanwhile, workers can choose jobs best suited to their abilities.

If a worker is not rehired at the end of a contract, he can draw a living subsidy from the social insurance scheme until he lands a new job.

GUANGXI LEADER URGES IMPROVING BIRTH CONTROL WORK

HK300143 Nanning Guangxi Regional Service in Mandarin 1000 GMT 29 Jun 86

[Excerpts] At the regional conference of prefectural commissioners, mayors, and county governors which concluded on 27 June, Wei Chunshu, deputy secretary of the regional CPC Committee and chairman of the regional government, spoke on further studying and implementing this year's central document No 13 and doing a good job in birth control work in the region.

He pointed out: Since central document No 13 was relayed to us, the region has made efforts to convey and implement it, but developments are very uneven. He demanded that the leaders at all levels take the lead in studying the document and profoundly appreciate its spiritual essence. On this basis, they should organize the masses to study it and ensure that everyone knows about it.

Comrade Wei Chunshu said: Central document No 13 sums up the situation and basic experiences in birth control work during the Sixth 5-Year Plan, points out the existing problems, and also gives views on further improving birth central work during the Seventh 5-Year Plan. The document fully accords with the situation in Guangxi. He said: Although the region has scored a certain degree of success in birth control work in recent years, we still lag behind the country as a whole. The task of surmounting the peak birth period and controlling population growth in Guangxi during the Seventh 5-Year Plan is extremely arduous. The leaders at all levels must attach great importance to this question. They must have a sense of urgency, strengthen leadership, and ceaselessly grasp the work. The propaganda and cultural departments must cooperate closely and use all propaganda media and forms such as the press, radio, television, wall bulletins, and so on to conduct extensive propaganda, to ensure that all the masses understand that there is to be no change in birth control as a basic state strategy; that there is to be no change in the policy of advocating that a couple have only one child; and that there is to be no change in the goal of keeping the country's population below about 1.2 billion by the end of the century.

Through conducting propaganda, we should ensure that the cadres and masses fully realize that practicing birth control and controlling excessive population growth is of great practical significance for invigorating Guangxi, and especially for enabling poor areas to become rich as soon as possible, and hence enhance their awareness of practicing birth control.

Wei Chunshu also demanded that the region vigorously work to implement the document and pay attention to practical results. It is necessary to sum up experiences in connection with reality, find out the weak links, and take effective steps to solve them and to raise birth control work to a new level. At present we must lay particular emphasis on doing a good job in the following respects:

1. Put the organizational structure on a sound basis and strengthen the building of the birth control work force. Prefectures, cities, and counties must put birth control organs on a sound basis as soon as possible.

2. Step up ideological education for the masses. We must further perfect the birth policy. We must strictly grasp the policies in accordance with the central and regional regulations. We must not arbitrarily go beyond the bounds of the policies.

3. Strengthen leadership over backward areas. At present birth control work is developing very unevenly in Guangxi. In particular, the birth rate is high in old revolutionary bases, minority-nationality areas, and remote, mountainous, and poor areas. We must integrate supporting these poor areas with promoting birth control there, to ensure that they can extricate themselves from their passive position as soon as possible.

4. All departments must cooperate closely.

HUNAN MEETING URGES IMPROVING POOR AREAS

HK020151 Changsa Hunan Provincial Service in Mandarin 0900 GMT 1 Jul 86

[Excerpts] The provincial CPC Committee and government held a meeting from 26 June to 1 July on work concerning poor areas of the province. The meeting, held in Jishou, further implemented the 1984 circular of the CPC Central Committee and State Council on helping poor areas to achieve transformation as rapidly as possible and the spirit of this year's central document No 1. The meeting proposed that a marked change be achieved in the poor areas within 3 years.

Mao Zhiyong, secretary of the provincial CPC Committee, and Cao Wenju, vice governor and head of the provincial leadership group for economic development in poor areas, made important speeches at the meeting.

The meeting held that successes have been scored in the work of supporting poor areas in recent years, in the wake of the deepening of reform and the implementation of the relevant central policies. We should now pay attention to the fact that the pace of extricating poor areas from poverty and making them rich is not fast. The food and clothing problems of some peasants have not yet been solved. All levels and units must attach great importance to building up the poor areas and strive to bring about a marked change there within 3 years. Such a change should be characterized by the following points: 1) The masses' food and clothing problem should be basically solved. 2) The production conditions should be improved. 3) People's health and cultural standards should be improved.

BEIJING SECRETARY VISITS INDIVIDUAL CATERING TRADER

SK010147 Beijing City Service in Mandarin 0900 GMT 20 Jun 86

[Text] On the morning of 19 June, Li Ximing, secretary of the Beijing Municipal CPC Committee, visited (Shen Xinquan), a self-employed laborer, at his home in Chongwen District, and praised him for doing a good deed for society.

(Shen Xinquan) is head of the (Donghuashipian) individual catering trade association and manager of the (Jishengyongta) chicken house. Last May, he organized members of the individual catering trade association to help 25 pupils of (Donghuashi) primary school eliminate difficulties in having lunches and taking a noon break.

Municipal and district leaders asked (Shen Xinquan) in detail about his working and living conditions and read the books and magazines, about 1,000 in number, he bought for the pupils. Comrade Li Ximing praised him for saving parents a lot of worry. After that, Comrade Li Ximing told comrades of the general office of the municipal CPC Committee who accompanied him on the visit to try to get some books for the children when they returned.

Comrade Li Ximing encouraged (Shen Xinquan) to lead other individual households to deal with business in a civilized manner. (Shen Xinquan) pledged to eliminate various difficulties to set a good example for individual traders.

NEI MONGGOL HOLDS MEETING ON RURAL PARTY RECTIFICATION

SK010507 Hohhot Nei Monggol Regional Service in Mandarin 2200 GMT 30 Jun 86

[Excerpts] The regional rural and pastoral party rectification work conference which was held in Hailar City from 25 to 30 June stressed: We should enable rural and pastoral party rectification to promote reform and to facilitate economic development. Through party rectification, party-member cadres should further eliminate their outdated ideas concerning close-typed natural economy and foster a thinking of commodity economy, and the grass-roots party branches should pay attention to changing the appearances of the rural and pastoral areas characterized by poverty and backwardness by developing commodity economy and opening up new ways for seeking wealth through labor.

The rural and pastoral party rectification work began last November. So far, Bayannur and Ulanqab Leagues and Baotou and Wuhai Cities have concluded their party rectification work in succession. Most party rectification units at town, township, and sumu level in these four leagues and cities have finished their party rectification work. The party rectification units at village and gacha level in these leagues and cities are preparing for their party rectification work at present.

Comrades participating in the conference pointed out: Through party rectification, the rural and pastoral areas should make sure that they solve the problems concerning party-member cadres taking advantage of their power to seek private gains and seriously violating the law and discipline. In the course of party rectification, we should persist in the principle of seeking truth from facts and not allow anyone to pass the test without careful and individual screening. We should adopt various measures to solve the problems of different categories. We should emphatically conduct education on politics among party-member cadres and party members committing general mistakes so as to upgrade their understanding of reform and [words indistinct] and to inspire their enthusiasm to guide the masses to seek common wealth.

The participants held: We should regard the strengthening and promotion of unity between the peoples of various nationalities as a key content of the party rectification work, and pay special attention to helping the minority people solve production and living problems.

SHANXI MEETING DISCUSSES CONTRADICTIONS IN PARTY

HK180137 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 17 Jun 86

[Text] The Shanxi Provincial CPC Committee held a study meeting from 10 to 16 June attended by prefectural and city CPC Committee secretaries and responsible comrades of the provincial organs. The participants studied and applied Marxist theory on contradictions within the party. In connection with the reality of work and the state of mind in their own areas and work, they considered and discussed in depth the questions of correctly viewing and solving contradictions within the party and correcting party style. Provincial CPC Committee Secretary Li Ligong made a speech citing his own study experiences.

The participants listed and analyzed volumes of facts and cited them to explain that at present the contradictions that often exist within the party can be classified as 1) contradictions between differing views in work and understanding, and 2) contradictions between individual interests and the interests of the party and people.

They held: Correctly handling contradictions in the party is a major topic in our party building. It is of great significance for strengthening the party's own building, improving and strengthening party leadership, enhancing the political qualities of party-member cadres, and spurring all work, especially the work of straightening out party style and carrying out economic reforms.

Studying the question of how to correctly handle contradictions in the party, and especially in the leadership groups at all levels in the province, the meeting held that it is necessary to pay attention to a number of points at present. In our work and in our understanding, we must persistently seek truth from facts and divide one into two, and oppose subjectivism and one-sidedness. On how to view rights and duties, it is necessary to persevere in building the party to serve the people's interests, in democratic centralism, and in collective leadership with division of responsbilities, and oppose abuse of powers for private purposes, individuals vying for power, and the practice of one person alone having the say.

On the personnel question, we must persistently appoint people to posts on their merits and oppose the practice of appointing them on the strength of acquaintanceship and organizing small cliques. Organizationally, we must shun weakness, uphold party discipline, and oppose liberalism, the practice of seeking good relations with everyone regardless of principles, and lack of organization and discipline.

The meeting also summed up and studied the work of straightening out party style in Shanxi. The participants held that since the 8,000-strong gathering of the central organs, the party organizations at all levels in the province have done a lot of work to straighten out party style, and have initially scored some achievements. A good start has been made.

However, we must not overestimate these achievements, and we must certainly not feel that we can relax now. We must implement the central guideline of seriously tackling the work for 2 years and get a thoroughly good grasp of straightening out party style. At present we must in particular do a good job in the following aspects:

1. We must continue to do a good job in investigating and handling major and important cases. The whole party must be mobilized to fight a general battle [da zongti zhan] for about 1 year to strike down serious economic crime and to deal with the economic cases that occurred during the peak period in the second half of 1984 and the first half of 1985. Apart from economic cases, we must also tackle problems of serious unhealthy trends in personnel work, legal system, and work.

We must eliminate the fear that investigating these cases will affect economic work [words indistinct]. We must resolutely eliminate the weak behavior of a few leading comrades who are afraid of this and that. We just clear away obstructions and interference and grasp the work to the end. Every case that should be handled must be handled.

2. We must further correct unhealthy trends in the leading organs, including those with sectoral characteristics.

3. We must pay attention to getting a good grasp of education in party spirit, style, and discipline.

4. The leading cadres must truly set good examples [words indistinct].

5. We must pay attention to seeking truth from facts [words indistinct]. We must pay particular attention to distinguishing between mistakes in reform and unhealthy trends, and ensure that the tasks of straightening out party style and carrying out economic reform spur each other.

NORTHEAST REGION

HEILONGJIANG'S SUN WEIBEN ATTENDS FORUM ON MAGAZINE

SK020229 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 1 Jul 86

[Text] The TUIXIU SHENGHUO ZAZHI [RETIREMENT LIFE MAGAZINE] held a forum today to mark its third founding anniversary. Sun Weiben, secretary; Chen Yunlin, Liu Chengguo, and Zhou Wenhua, deputy secretaries of the provincial CPC Committee; and Zhang Xiangling, vice chairman of the provincial Advisory Commission, attended the forum. Zhao Dezun and Wang Yilun, provincial-level retired cadres, were also present to extend congratulations. TUIXIU SHENGHUO ZAZHI, established in 1983, is the first comprehensive magazine for the elderly in China.

HEILONGJIANG NEW PEOPLE'S ARMED FORCES COMMITTEE MEETS

SK020336 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 1 Jul 86

[Text] On 30 June, the newly adjusted People's Armed Forces Committee of the provincial CPC Committee held its first conference to study ways to successfully carry out militia and reserve service work after transferring the People's Armed Forces departments to the local organizational system.

The conference held: At present in carrying out our province's militia and reserve service work, it is imperative to emphasize the training of the People's Armed Forces cadres, organize and mobilize the militia to participate actively in building civilized towns and units, and pay great attention to the activities of supporting the People's Armed Forces through labor, reform of military training of the militia, and the military training of students.

LIAONING: DALIAN CITY CRACKS SERIOUS ECONOMIC CASE

SK300933 Shenyang LIAONING RIBAO in Chinese 16 Jun 86 p 1

[Excerpts] After 7 months of work, the joint investigation group organized by the province and Dalian City brought to light a serious economic criminal case which has been rare in the province. Some party and government cadres of Dalian City openly supported and shielded the criminal activities of Liu Yaoshan, general manager of the Dalian Beifang Company Limited. People implicated in the case have been strictly dealt with.

Liu Yaoshan formerly worked at and was dismissed from the Dalian Industrial and Mining Vehicle Plant. In 1962, he joined counterrevolutionary cliques on two occasions, plotting to steal guns and hijack ships to flee abroad. When his plot was uncovered, he was sentenced to 10 years of imprisonment. In July 1984, he took advantage of reform and enlivening the economy, defrauded the industrial and commercial administrative department of a business license by submitting a false report on possession of 300,000 yuan of capital, and established the Dalian Beifang Company Limited. When he obtained information that halotungsten [lu wu 7767 7005] bulbs sell well in domestic markets, he sent others to the Dalian waste material recycling company to buy 305,950 halotungsten bulbs scrapped by the Liaoning Provincial Machinery Equipment Import and Export Corporation at a price of 0.1 yuan each in the name of purchasing "lamp base" [deng di ba 3597 5530 1572]. He then palmed off the bulbs as "export goods transferred to the domestic market," and sold them for 2 to 4 yuan each. He sold a total of 282,200 worthless halotungsten bulbs to get 902,700 yuan, reaping a huge profit of 872,100 yuan.

In order to secure a shield for his criminal activities, Liu Yaoshan used more than 100,000 yuan to bribe, drawing in, corrupting and buying over cadres of state organs and enterprises. According to investigations, 34 party members and cadres (with 14 at and above the section level) were implicated in this serious case. Of them, 24 took bribes or gifts from Liu Yaoshan. For example, Liu Yaoshan arranged jobs for the wife and daughter, who was on sick leave, of Xie Jincheng, director of the Shahekou District judicial bureau of Dalian City.

In August 1984 when the Shahekou District office of the industrial and commercial bank discovered and investigated Liu Yaoshan's illegal sales of worthless halotungsten bulbs for a huge profit, Liu Yaoshan asked Xie Jincheng for legal protection. Xie said: "After the establishment of the district legal advisory office, I will send the most prestigious lawyer to serve as your perennial legal adviser." On 13 September of the same year, the district legal advisory office was established, and signed an agreement with the company on the same day, sending retired cadre Zhai Hongxu to serve as perennial legal adviser to the company. Later, Xie Jincheng again hired retired bureau-level cadre Liang Sheng and section-level cadre Mu Quanfeng as perennial legal advisers to the Yucai Industrial Company under the Beifang Company. Under the direction of Xie Jincheng, they used their lawful status as legal advisers to conduct a series of activities to support and shield Lie Yaoshan's crimes. They ordered Zhai Hongxu to carry out investigations to counter the investigations of the district office of the industrial and commercial bank to absolve Liu Yaoshan. They asked Liu Xuyou, chief of the enterprise registration section of the Shahekou District Industrial and Commercial Administrative Bureau of Dalian City, to issue false certificates and accounts to cover up Liu Yaoshan's crimes, and filed a lawsuit for Liu Yaoshan to counter the investigations. They sent 7 letters, 5 telegrams and 2 plaints of accusations in the name of Liu Yaoshan to the CPC Central Committee, the State Council, and relevant provincial, city and district leading organs and leading comrades, and sent people to appeal to higher authorities on 30 occasions, doing their utmost to distort the facts to absolve Liu Yaoshan from blame and support his criminal activities.

After the case was exposed, the Dalian City CPC Committee announced the decisions on handling of the persons concerned at a citywide conference on rectifying party style. Liu Yaoshan, Xie Jincheng, and Liu Xuyou were arrested according to law. Wang Shaonan, deputy manager of the Beifang Company, and Wang Jinming, chief for the registration of enterprises with the exclusive foreign investment of the Dalian City Industrial and Commerical Administrative Bureau, were placed on probation within the party and were dismissed from their administrative posts. Party and administrative discipline was also taken against other persons involved. The city CPC Committee also used this as a typical case to conduct education on party spirit, party style, and party discipline among party members and cadres in order to improve party style and deepen the building of the spiritual civilization.

LABOR CONTRACT SYSTEM WORKS WELL IN SHENYANG

OW280146 Beijing XINHUA in English 0040 GMT 28 Jun 86

[Text] Shenyang, June 28 (XINHUA) -- When 21-year-old Diao Yonghong worked in the Shenyang textile factory here for just six months, she got a raise in salary. She now gets a basic salary of 52 yuan, and 20 to 30 yuan bonus a month. She is one of 886 new workers employed by the factory in line with the labor contract system which was first tried out in China in 1983.

The labor contract system enables enterprises to increase or cut labor according to production, and employ people on a selective basis. The workers can also choose their own careers to bring their talents into fuller play.

A local labor official said the new employment system has overcome the drawback of the old one, which was known as the "iron rice bowl" system, giving each worker a fixed wage in a certain period disregarding his work.

Diao Yonghong said she had found her future in the factory. She said the new system spurred the enthusiasm for work of the new workers.

An official of the Shenyang textile factory said the new contract workers had all worked well, and some of them were honored as model workers.

The new employment system is being introduced in all the state-run enterprises in Shenyang, capital of northeastern China's Liaoning Province.

Now, the city has over 60,000 contract workers, 95 percent of the total workers employed recently.

Shenyang first introduced the labor contract system in some commercial and industrial departments and then spread it to state-run enterprises.

The introduction of the labor contract system is a big reform of the employment system in state-run enterprises.

At present, China has 3.5 million contract workers.

In Shenyang, all the contract workers have been recruited from unemployed young people through unified exams. The contract labor system is also applied to technical school graduates and young people who have taken over the work posts of their retired parents.

The local labor official said contract workers enjoy the same rights and treatment as regular workers. They can extend their terms of work when their contracts have expired.

GANSU PARTY MEETING OUTLINES PROVINCE'S WORK TASKS

HK020125 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 1 Jul 86

[Text] An enlarged meeting of the provincial CPC Committee Standing Committee was held in Lanzhou from 26 June to 1 July. The meeting focused on studying the important instructions delivered by Comrades Hu Yaobang and Tian Jiyun during their mid-May inspection of Gansu, and made arrangements for work in the second half of the year.

The participating comrades unanimously held that Gansu has scored success in work in recent years and a relatively stable political environment has formed. However, we must also realize that we are still facing many problems, the strides we are taking in reform are not great, and there are not many ways of extricating ourselves from poverty and getting rich. In our future work, we must base our efforts on reality, do well in implementing the spirit of Comrade Hu Yaobang's instructions, and do our work creatively. The whole province must concentrate efforts on doing everything possible to fulfill the task of ensuring 8 percent and striving for 10 percent economic growth, thus taking the first stride in the Seventh 5-Year Plan.

In agricultural production, we must continue to carry out rational readjustment of the production structure, develop diversification and industrial crops, and practice intensive farming. The province's grain production should reach or exceed last year's figure.

In industry, we must continue to implement the principle of consolidation, digestion, replenishment, and improvement, strive to improve product quality, increase output of goods that sell well, and further improve enterprise economic results.

Provincial CPC Committee Secretary Li Ziqi spoke at the meeting. He pointed out: When organizing the masses to develop rural commodity economy, we must boldly break away from old and traditional concepts. The leaders at all levels must further improve work style. They must get a good grasp of carrying out projects that have been accurately identified, and get good results from them. We must be skilled in translating the party's policy decision and intentions into the spontaneous actions of the masses, and mobilize the millions of households to eliminate poverty and get rich.

We must create an atmosphere of harmony and concord, and throughout the province form an excellent situation of studying the spirit of Comrade Hu Yaobang's instructions, discussing and formulating schemes for eliminating poverty and getting rich, and working all out for the four modernizations.

Jia Zhijie, deputy secretary of the provincial CPC Committee and governor; Hou Zongbin, deputy secretary of the provincial CPC Committee; and Liu Bing, chairman of the provincial People's Congress Standing Committee, also spoke at the meeting. Present at the meeting were responsible comrades of the provincial CPC Committee, Advisory Commission, Discipline Inspection Commission, People's Congress Standing Committee, government, CPPCC, and Military District, and of the CPC committees and groups of the organs of the provincial CPC Committee and government; and secretaries of prefectural and city CPC committees.

SONG HANLIANG ATTENDS XINJIANG NATIONALITIES MEETING

HK020449 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 20 Jun 86

[Excerpts] A regional academic discussion meeting on the Marxist theory of nationalities opened in Urumqi this morning. This is the first discussion meeting on the theory of nationalities since the founding of the autonomous region. In conjunction with the realities of China and Xinjiang, the meeting will study the law of the development of the Marxist theory of nationalities, the law of the development of the problems of nationalities, and the basic principle of solving the problems of nationalities and sum up the practical experiences of our country in solving the problems of nationalities.

The theory workers attending the discussion meeting have come from all places and departments throughout Xinjiang. Of these workers, some are Uighurs, Hans, Kazakhs, Huis, Mongolians, Sibos, and Manchus. Leading comrades of the regional party, government, and Army, including Song Hanliang, Janabil, Amudong Niyazi, attended the meeting.

Regional CPC Committee Secretary Song Hanliang spoke at the meeting. He said: Our Xinjiang is a region in which many nationalities live in compact communities. This history and current state require us to do nationality work well and to intensify the study of the theory of nationalities. While doing all our work well, we must first do a good job in national unity.

Song Hanliang said: To intensify the study of the theory of nationalities is a long-term, complicated, and arduous task. We must realize that it is important work. To further do well in studying the theory of nationalities, in the light of Xinjiang realities, we must grasp the key subjects firmly and well. We must stress the study of the new characteristics and new method of nationality work for the new period and scientifically answer the new problems arising in our practical work.

Those invited to this discussion meeting include experts, scholars, and theory workers in the problems of nationalities of the State Nationalities Affairs Commisison, Central Party School, China People's University, Central Institute of Nationalities, Guangdong, Guangxi, Yunnan, and Ningxia.

XINJIANG MEETING NOTES INDUSTRIAL DEFICIENCIES

HK110215 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 10 Jun 86

[Excerpts] A production control conference held today by the regional economics commission pointed out that although a good momentum of all-round growth appeared in the region's industrial and communications production in May, the requirements of the plan for rate of progress were still not met.

This year the region's industrial and communications performance has not been good enough in fulfilling the required rate of progress, improving quality, reducing material input, and raising economic results. During May, regional party and government leaders took responsible comrades of the economics commission and of the financial, banking, and material supply departments to work on the spot at more than 20 enterprises, focusing on solving problems in production. The region's industrial output value in May rose by 7.46 percent over April. Output value of enterprises covered by the budget rose by 20.68 percent. Income from their product sales rose by 13.94 percent, and their tax and profit rose by 53.13 percent. Growth rates of light and heavy industry started to develop in a coordinated way.

Tuohuti Shabier, vice chairman of the regional government, pointed out at the meeting that although the regions' industrial output increasd in May, the year's output value plan had only been 35.3 percent fulfilled by the end of the month, thus failing to fulfill the required rate of progress. There has been no fundamental turn for the better in unstable product quality. Material input has continued to rise. Stockpiles of certain products have increased instead of declining. The number of enterprises runnning at a loss and the total losses have increased compared with the same period last year. The leaders at all levels and the enterprises must attach great importance to these problems.

Tuohuti Shabier demanded that the departments in charge and the enterprises focus on three matters: 1) Under the premise of improving economic results, maintain an apppropriate growth rate. It is particularly important to increase output of best-selling goods needed in the markets. 2) Actively clear the circulation channels and do every everything possible to open up new sales outlets. 3) The enterprises must regard as their main goals improving product quality and reducing material input.

TAIPEI PAPER CRITICIZES U.S. TRADE POLICY

OW020301 Taipei CNA in English 0234 GMT 2 Jun 86

[Text] Taipei, July 1 (CNA) -- A newspaper in Taipei has expressed hopes that the United States will understand the nature of its trade problems with the Republic of China [ROC] and adopt a more rational attitude in resolving these problems.

In recent years, the U.S. has incessantly brought up many touchy problems in its trade consultations with this nation and forced this nation to accept its conditions, the CHINA DAILY NEWS said in an editorial today. The ROC Government has unconditionally accepted some of the conditions set by the U.S. while holding its position on some other trade issues, the paper said. In its trade talks with other countries such as Japan, South Korea, Singapore and other Western nations, the U.S. has never been so critical and harsh as it has toward this nation, it noted.

While pursuing its global interests, the U.S. sometimes can do nothing when some of its major trade partners refuse to accept its conditions, the paper said. Moreover, some countries have even suggested taking retaliatory actions against the U.S. if their exports to the U.S. are restricted, it said. Of course, the people of this nation will not be so unreasonable as to totally deny U.S. efforts to reduce its huge trade deficits, but in talking with this nation, the U.S. seems to be very ignorant about how much this nation has done to balance its trade with the U.S., it said.

The paper cited the talks on the car export ratio requirements as an example to explain that the U.S. lacks a clear understanding of the nation's efforts in this regard, saying that the U.S. seems to be trying to play up this issue in order to force this nation to accept its conditions. And therefore, it is very natural for the people here to have the impression that the U.S. is trying to intervene in the nation's domestic affairs.

The U.S. should understand that its policy is one of the major reasons that its huge trade deficits with this nation can not be reduced within a short time. For instance, it has been forcing this nation to buy its products which are not needed here while refusing to sell what this nation really wants. Only when the U.S. changes its attitude and policy will the two nations be able to resolve their trade problems, the paper said.

PRIME MINISTER CONCLUDES 3-DAY VISIT

OW301213 Taipei CNA in English 0958 GMT 30 Jun 86

[Text] Taipei, June 30 (CNA) -- Singapore Prime Minister Lee Kuan Yew left for Manila Monday morning with his wife and an entourage of 11 Singapore Government officials to continue its Asian-Pacific tour. Ending a three-day visit in Taipei, the prime minister boarded a China Airlines flight, which took off from the Chiang Kai-shek International Airport for Manila at 10:55 a.m. Ranking Chinese Government officials, including Premier Yu Kuo-hwa and Foreign Minister Chu Fu-sung, were on hand at the airport to bid farewell. Premier Yu met his Singaporean counterpart at the Grand Hotel in Taipei and accompanied Lee and his wife to the airport.

Lee arrived here from Seoul last Saturday afternoon. President Chiang Ching-kuo, an old acquaintance of Prime Minister Lee, greeted his Singaporean guests at the airport.

LU PING COMMENTS ON PARTY POLITICS IN HONG KONG

HK021111 Hong Kong HSIN WAN PAO in Chinese 2 Jul 86 p 1

[Report: "Lu Ping Told Reporters in Shenzhen This Morning That It Is Inadviseble for Hong Kong To Engage in Party Politics"]

[Text] In an interview with Hong Kong reporters in Shenzhen this morning, Lu Ping, secretary general of the Hong Kong and Macao Affairs Office of the State Council, said that he personally believes that it is inadvisable for Hong Kong to engage in party politics, as it will be harmful to Hong Kong's stability.

At their request, this morning Lu Ping met dozens of reporters who are now in Shenzhen to cover a meeting of the political system group of the Hong Kong Special Administrative Region Basic Law Drafting Committee.

Lu Ping said that regarding whether future laws will forbid political parties, this should be discussed by the people. Lu Ping also said that as the administration by the ministerial system will inevitably result in party politics, he also disapproves of the ministerial system. Furthermore, the ministerial system runs counter to the Sino-British Joint Declaration on the question of Hong Kong. Lu Ping was a member of the Chinese delegation to the Sino-British talks.

Lu Ping believes that the most difficult part in drafting the Basic Law deals with the political system, as Hong Kong people themselves have differing opinions. The main problem is how to explain the provision that the executive authorities will be accountable to the legislature. When reporters asked him to explain this provision, he replied that this should be explained by both Chinese and British parties and should not be explained by him unilaterally. He said that both China and Britain have a common understanding on this, and it is advisabld for both parties to openly explain it in the future.

On the use of land revenue, Lu Ping said that explanations of the relevant stipulations in the Sino-British Joint Declaration should be made by the Sino-British Land Committee. He personally believes that using the land revenue to invest in order to maintain its value does not run counter to the Joint Declaration.

He said that the revenue is now controlled by Chinese representatives, and the Chinese side will act in line with being responsible for Hong Kong people and the government of the future Hong Kong Special Administrative Region. The important thing is to maintain its value free from the influence of inflation and to select the least risky way of investment.

Lu Ping continued that the future land revenue consultation committee must be composed of Hong Kong people and chaired by Hong Kong people.

On the definition of local residents, Lu Ping drew three circles. The large circle is Hong Kong residents, both permanent and temporary. The middle circle is all local residents with the right of permanent abode and permanent identity cards, both Chinese and foreigners. They have the right to vote and to stand for election. The small circle is the Chinese among local residents, and they have the right to elect NPC deputies and be elected NPC deputies.

As for the definition of local residents, Lu Ping said that this needs to be discussed.

Lu Ping said that it is inappropriate to equate direct elections with democracy, and democracy is not simply a question of several elections.

He said that many problems, such as the political system, travel documents, land title deeds, and laws should be solved during the transitional period. He believes that now there are many channels for China and Britain to exchange their views, so the transition from pre-1997 to post-1997 will be smooth.

As for the interests of the original residents of the New Territories, he believes that consideration should be given to traditions, and it is impossible to suddently make radical changes. However, he believes that the provision on this problem in the draft structure of the Basic Law is not conclusive, and this problem will be discussed again in the future.

THEORETICIAN WANG FUOSHUI ON 'DOUBLE-HUNDRED' POLICY

HK301314 Hong Kong MING PAO in Chinese 28 Jun 86 p 5

["Special Dispatch From Shanhai": "The Double-Hundred Principle Can Hardly Be Implemented Without the Guarantee of the Legal System"]

[Text] In Shanhai, theoretician Wang Ruoshui recently said: "China has always had all kinds of 'labels' but it lacks an indispensable 'lable' -- violating the Constitution." He held that, in publicizing the legal system, it is first necessary to hold aloft the banner of the Constitution and, in discussing the "double-hundred" principle, we cannot depart from the Constitution.

When delivering an academic report to Shanhai theoretical and press circles, Wang Ruoshui raised many original views which attracted widespread attention.

The theoretician approved the following viewpoint raised by some people; The "double-hundred" principle can hardly be genuinely implemented without the guarantee of the legal system. In an interview with this reporter, he said: Three decades ago, on behalf of the CPC Central Committee, Lu Dingyi delivered a report on "letting a hundred flowers blossom and a hundred schools of thought contend." However, the process of implementing the "double-hundred" principle was full of reversals in the later period and it was very difficult to implement the principle. The principal reason for this lies in the fact that the line of the CPC was wrong for a time, but it also had something to do with the blunted sense of the Constitution on the part of the public in general. The constitutions of 1954 and 1982 stipulated "freedom of creation" and "freedom of speech," but people "seemed not to attach importance to them." It was not until last year that the literature and art circles hailed the "freedom of creation." "The stipulations of the Constitution seemed to be forgotten."

Wang Ruoshui emphatically said: "The Constitution is the foundation of the state and a great program for building our country. All activities of the state and society are subject to the restrictions of the Constitution. Therefore, by acting according to the Constitution, safeguarding the Constitution, and curbing violations of the Constitution, we can genuinely guarantee the implementation of the 'double-hundred' principle. Comrade Deng Xiaoping pointed out: 'It is necessary to institutionalize and codify democracy into laws so that this system and laws will not change because of changes in leaders or in the views and attention of leaders.' We should all exert ourselves to achieve this."

In discussing the social project of univeralizing legal knowledge, Wang Ruoshui said: "The people are the masters of the state. The rights of the master should be protected by the Constitution and the laws. The ultimate aim of universalizing legal knowledge is not only to make the people know the laws and abide by them, but, what is more important, to arouse in them a sense of rights and of being the masters of the state. An important reason for the tragedy of the Great Cultural Revolution is that the people neither fully realized nor exercised their rights. A state president elected according to the Constitution was abolished by a decision on 'dismissing a person from all his posts inside and outside the party' and the Constitution was turned into a mere scrap of paper by a '16 May circula ' We should conscientiously learn from this profound historical lesson. Therefore, we should 'never forget' the 'Great Cultural Revolution.' Only by 'never forgetting' it can we prevent a repetition of this tragedy and promote socialist democracy and the development of the legal system."

Wang Ruoshui said in conclusion: "The reform in our country is developing in depth in all directions. To adapt the superstructure to the changing economic base, it is necessary for the theoretical and academic circles to make an in-depth self-examination and these experiments are the rights given to us by the Constitution and, therefore, our bounden duty."

HONG KONG REACTS TO INCREASING CONCERN OVER DAYA BAY

HK290327 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 29 Jun 86 p 1

[By Ann Quon]

[Excerpt] The Government has again reacted swiftly to escalating public concern over the Daya Bay Nuclear Power Plant by suddenly extending the forthcoming trip of one of its top officials overseas to include several European countries.

The Secretary for Economic Service, Mr John Yaxley, originally only scheduled to visit England, has had to change his plans to include France and Belgium. He is scheduled to leave the territory on July 8 and will now return on July 20. The change in travel plans comes amid official concern over growing public opposition to the proposed Daya Bay plant, which is to be situated less than 70 km from Hong Kong.

In what is seen as an attempt to show that it is a caring and responsive government, Mr Yaxley will be deployed to learn as much as he can about the safety measures adopted by these countries. His study also help the Hong Kong Government prepare for what is threatening to turn into a full-scale public battle.

"I think it is helpful for the people of Hong Kong to know that there is someone finding out details of places which are in a similar situation to us," Mr Yaxley said yesterday.

High on his list will be visits to plants similar in design to the one proposed for Daya Bay. This weekend he will shortlist European plants which have pressurized water reactors and are near heavily populated areas.

Daya Bay will have two 900 megawatt pressurized water reactors, considered the most advanced in nuclear technology.

Mr Yaxley has already earmarked the nuclear plant near Antwerp, Belgium as a focal point of his visit. It is within 10 km of Antwerp which has a population of almost a million. However, he has ruled out the possibility of visiting Chernobyl, the scene of the worst disaster in nuclear history.

One of his major concerns when meeting nuclear experts will be to grill them on all aspects of safety. The thinking is that while the Hong Kong Government is not directly responsible for the safety measures planned for Daya Bay, it should equip itself with as much knowledge as possible in the face of growing questions from the public.

Mr Yaxley will also study the contingency plans developed by cities near these plants so Hong Kong can prepare its own evacuation programme in the event of a nuclear disaster.

This will be independent of the study currently being done by the UK Atomic Energy Authority based in Harwell, England, which Mr Yaxley plans to visit. The authority has been commissioned to assess the probability of different types of accidents at Daya Bay and their impact on Hong Kong. The study will also provide guidelines for a contingency plan.

However, those guidelines are expected to fall short of any full-scale evacuation plan. As a result, Mr Yaxley will also visit those authorities expected to provide emergency suport in the event of any nuclear incident, including fires services and police authorities.

Although the administration is confident that the Daya Bay plant will be safe, they nevertheless feel these early steps must be taken to ensure that Hong Kong will be ready in the unlikely event of a mishap.

While in England, Mr Yaxley will also visit the nuclear powered station near Bristol, as well as meet officials from various nuclear agencies, including the Department of Energy, the Central Electricity Generating Board, and the United Kingdom Nuclear Instalation Corporation.

The visit is part of a new more aggressive role the Hong Kong Government feels it must take at a time when there is a crisis of confidence about the safety and commercial viability of nuclear power.

DAILY REPORT

China

Vol I No 129 7 July 1986

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HK010101 Beijing GUOJI WENTI YANJIU No 2, 13 Apr 86 pp 27-32

[Article by Qian Nengxin: "Position and Role of Western Europe in U.S.-Soviet Rivalry" -- first paragraph printed in boldface]

[Text] Both the United States and the Soviet Union take the control of Europe as the final goal of their contention on this continent. Fundamentally speaking, the contradictions between Western Europe on one side and the United States and the Soviet Union on the other can never be eliminated. Under the new situation where the United States and the Soviet Union have entered into dialogue while continuing the confrontation, a basic policy that Western Europe may possibly adopt to deal with the situation is to further expedite the relaxation of relations between the United States and the Soviet Union as well as relations between East and West, to do its best to restrain the development of the U.S.-Soviet arms race, and to exercise its independent and positive role in this effort. In the future, the position and role of Western Europe will be determined by the strengthening of its power and the progress of the alliance of various countries. Judging from the trend of historical development, Western Europe, which is a pole in the multipolar world, will further play a positive role in opposing the arms race and preserving world peace.

Since World War II, Europe has been the cockpit of the contention between the two superpowers. Over the past 60 years or so having gone through several stages of cold war, detente, and intense confrontation, the European situation has changed a great deal. After the Reagan administration proposed the Strategic Defense Initiative, the United States and the Soviet Union readjusted their respective tactics, and since then, both sides have been in a period of dialogue and confrontation. In this new situation, Western Europe is in a very delicate and complicated position. Now its greatest problem is how to readjust its relations with the United States and the Soviet Union in light of the situation in order to seek security and interests for itself and to exercise its specific role.

1. The Question of Security

The question of security has always been the most important one in the relationship between Western Europe on one side and the United States and the Soviet Union on the other.

Since the Reagan administration proposed the Strategic Defense Initiative the following new characteristics have appeared in U.S.-Soviet relations:

1. The arms race between the sides has been upgraded. Apart form all kinds of nuclear weapons and conventional weapons, the United States and the Soviet Union have stressed the development of outer space weapons in their contention for military superiority. There are indications that this contention will last for a long time (about 10 to 20 years or even longer) and consume large sums of money and will of course greatly alter the military strategy and tactical ideology of both sides.

2. An unprecedented peace offensive has appeared. At the beginning of this year, to counter the U.S. Strategic Defense Initiative, the Soviet Union put forth a disarmament proposal on complete destruction of nuclear weapons throughout the world in three stages over the next 15 years.

This is the first overall and systematic nuclear disarmanent proposal the Soviet Union has made for many years. Later the United States made a counterproposal. The possible development of the disarmanent talks between the United States and the Soviet Union in various spheres, which is an auxiliary measures for the arms race, will inevitably have a bearing on the international situation as a whole, and Europe is the first to be affected.

Western Europe is very worried about the new round of the arms race between the United States and the Soviet Union. Mindful of its own interests, Western Europe hopes that a strategic balance between the military strength of both countries can be attained at a lower level. Only thus can it have more room for maneuver between the two countries, increase the safety coefficient, and strengthen its independent position. The Reagan administration intends to act in accordance with its existing policies in the outer space arms race. But the Soviet Union will not be content to fall behind. While raising obstacles for the United states, it has also adopted and will continue to adopt relevant countermeasures. Therefore, Western Europe is unable to stay aloof from the matter. At present, in response to U.S. demands, some West European countries have, in varying degrees, joined the Strategic Defense Initiative (in order to deal with the United States and to gain substantial benefits). However, this does not mean that Western Europe is following the United States and has joined the outer space arms race. In the future, in the course of studying, producing on a trial basis, and deploying U.S. outer space weapons, the basic conflict of interests between Western Europe and the United States will certainly become more an more obvious. Moreover, with the upgrading of the U.S.-Soviet arms race, Western Europe will certainly devleop and enhance its defense force in order to preserve its own safety and position. Thus, The contradictions between Western Europe and the United States, and the Soviet Union, the contradictions among various West European countries, and the contradictions within West European countries will naturally be aggravated.

Western Europe is also apprehensive of the possible changes in NATO military strategy. Since a "balance in nuclear terror" between the United States and the Soviet Union was achieved, Western Europe has been relatively safe on the question of defense. Although for many years, it has had various doubts about NATO's "flexible reaction strategy," chiefly for fear that the U.S. military protection will become more and more unreliable with the strengthening of the Soviet military force and changes in the relative strengths of the United States and the Soviet Union, there have been no substantial changes in its basic position. However, after the United States proposed the Strategic Defense Initiative it immediately felt that once the United States realizes its plan and gains the initiative in both strategic offense and defense, the "flexible reaction strategy" will inevitably collapse. Then, Western Europe could be in a difficult position. It will have to either rely on the United States to a greater extent and lose it original position or "disengage" from the U.S. defense and be faced with the great military pressure of the Soviet Union. Although all this will not happen at present or in the near future, people in West European political and military circles have yet to take precautions.

Western Europe is full of misgivings about the USSR peace offensive and the U.S.-Soviet disarmament talks. The resumption of the U.S.-Soviet talks has relaxed relations between East and West. This conforms to the interests of Western Europe and is welcomed by it. However, on some essential problems such as how the U.S.-Soviet disarmament talks will develop and what kind of agreement should be reached, Western Europe is full of misgivings. Judging by its own experience, it is extremely apprehensive that the two superpowers may reach an agreement that will harm the interests of their respective allies in order to satisfy their own needs.

On the question of reducing the strategic nuclear weapons of both sides and reducing their conventional armed forces in Eastern and Western Europe, there also exist similar sensitive spheres concerning the immediate interests of Western Europe. Toward the disarmament proposal for the Soviet Union on complete destruction of nuclear weapons, in principle, Western Europe feels it unsuitable to oppose it, but it is clear about the Soviet Union's real purpose -- that is, to break up relations between Europe and the United States and to restructure the development of Western Europe's defense force. In particular, concerning the Soviet proposal on freezing the French and British nuclear forces in the next 5 years, while both the United States and the Soviet Union are still in possession of large quantities of nuclear weapons, Britain and France feel unable to accept this under any circumstances.

For many years, a basic West European policy on the matter of defense has been "defense plus detente means security." No substantial changes in this policy are likley now or in the future. In the immediate postwar period, Western Europe relied entirely on the United States in the matter of defense. Beginning from the 1960's, with the increase of its own strength, a proposition on "two pillars" was raised within NATO but in face of the powerful military strength of the Soviet Union, it still cannot dispense with U.S. "nuclear protection." Threfore, in seeking the most favorable "point of balance" for its own security, Western Europe has continued to adopt the following three policies: Maintaining U.S. military protection, developing its own defense force within certain limits,and ameliorating confrontations between the United States and the Soviet Union as well as between the two large military groups of East and West. This reflects the important and sensitive military position of Western Europe and also exposes its weakness. The recent development of the so-called "new de Gaullism" is an expression of how Western Europe is seeking to increase its strength and independence. The restoration of the West European alliance and the strengthening of military cooperation in Western Europe also reflect this trend. Despite all this, the current effort of Western Europe in this respect still cannot cope with the new situation of the U.S.-Soviet contention. How it will improve its situation remains to be seen.

2. Relations Between Eastern and Western Europe

Another prominent problem in the relations between Western Europe on one side and the United States and the Soviet Union on the other is the question of ties between Eastern and Western Europe.

In the period of relaxation during the 1970's, relations between Eastern and Western Europe greatly improved in the political, economic and cultural fields as well as in the exchange of personnel. In the political field, with the participation and support of the United States and the Soviet Union, and with Brandt's "Eastern Policy" and the final act of the Helsinki Conference on security and cooperation in Europe, Eastern and Western Europe officially recognized the postwar status of Europe, and with this as a prerequisite, established a principle for development of political relations between both sides. On the question of Germany, which is the most sensititive in the European situation, the two Germanies also signed a "basic treaty," symbolizing that a big advance had been made on the "road to normalization." Even greater development was achieved in the economic relations of both sides. From the early 1970's to the early 1980's, total trade volume of Eastern and Western Europe increased by more than 200 percent. At the beginning of the 1980's, as U.S.-Soviet relations deteriorated again, a tense situation of confrontation reappeared in Europe.

However, even in this situation, the relations between Eastern and Western Europe still remained relatively normal. There were frequent contacts between the political figures of both sides. Moreover, the leaders of the two Germanies put forth a proposition on "responsible community." At that time, some U.S. journals called this strange situation in Europe a "small detente in the cold war between East and West." At present, while the United States and the Soviet Union are engaged in a new round of the arms race, there are indications that this objective situation of reaching unanimity between Eastern and Western Europe will be further developed. The common ground for both sides is that they all oppose the upgrading of the U.S.-Soviet arms race and hope to maintain and promote relaxation and develop political and economic relations and they are all afraid that the leaders of their respective alliances may strengthen control over and restrain the independence of the allied countries.

For Western Europe, its relations with Eastern Europe occupy a particular important position in its foreign policy. It holds that the postwar "Yalta pattern" has resulted in the separation of Europe and the confrontation between the two major military groups and placed both Western and Eastern Europe under the control of the two superpowers. In order to seek an independent position for itself, Western Europe must win over Eastern Europe and weaken Soviet control over Eastern Europe so as to reduce and nullify the Soviet threat and weaken U.S. control over Western Europe. The idea of "a Europe from the Atlantic to the Urals" and the policy of "relaxation, understanding, and cooperation" put forth by de Gaulle in the 1960's was the earliest expression of this strategic scheme. However, due to the immaturity of the objective conditions at that time, de Gaulle's wishes could not be realized. Since then, Brandt, Schmidt, and Giscard d'Estaing, as well as the current political leaders of Western Europe have all inherited this De Gaullist thinking in varying degrees, except that their tactics are more mature and flexible. They have attached greater importance to actual results and strived for a "slow stream" in the development of political, economic, and other relations between Eastern and Western Europe. At the same time, they have also done their best to avoid upsetting the United States and the Soviet Union too much. Western Europe has been using this tactic quite successfully.

In developing its relations with Eastern Europe, Western Europe first met obstacles created by the Soviet Union. The latter, seeing that it might lose control over Eastern Europe after the "Czechoslovak incident" and the "Polish incident," has tried hard to restrict the development of relations between Eastern and Western Europe in political, economic, and other fields. In the political field, it has placed restrictions on the contacts between the leaders on both sides and has even flagrantly obstructed East European leaders' visits to West European countries. In military affairs, it has made use of the tense situation in the previous stage and increased and renewed its military equipment in some East European countries. In the economic field, it has been trying to bring the economic relations between Eastern and Western Europe into the orbit of the Council of Mutual Economic Assistance. To this end, it has even changed its tactics and recognized the EFC as a political entity in international contacts. But it still insists that the economic contacts between Eastern and Western Europe should be permitted by CEMA, so as to enhance its control.

The development of relations between Eastern and Western Europe has also been restrained by the United States. Although in principle, the United States does not oppose Western Europe's infiltration into Eastern Europe in order to weaken the Soviet control over its sphere of influence, it requires that this infiltration should not break the existing pattern in Europe, for fear that it may lose control over Western Europe.

This U.S. attitude is reflected by its brutal interference in the gas and steel tube trade between Western Europe and the Soviet Union and its effort to compel Western Europe to join the economic blockade against Poland and to restrain the contacts between the two Germanies.

Under pressure from the United States and the Soviet Union, Western Europe has to be cautious in developing its relations with Eastern Europe. However, judging from the current situation, since Western Europe has various favorable conditions in this respect and since both Western and Eastern Europe have some common interests in the political and economic fields, the United States and the Soviet Union will find it difficult to obstruct the development of these relations.

3. The Question of Relations With the Third World

The development of relations between Western Europe and the Third World and the U.S.-Soviet contention in the Third World have given birth to intricate and complex contradictions.

There has been marked progress in the relations between Western Europe and the Third World since the 1960's. In order to resist the global contention between the United States and the Soviet Union, Western Europe and the Third World have to rely on each other. They also need each other's help in the economic field. In particular, the signing and development of the Lome Agreement has brought Western Europe, in varying degrees, into relatively close economic and political contact with more than 60 countries in the Third World.

There are great differences between Western Europe and the United States on the attitude toward the Third World. The United States has to contend with the Soviet Union for strategic places and spheres of influence in the Third World to ensure that its strategic passageways are not impeded and the supply of strategic materials and raw materials is stable. Since the Reagan administration came to power, the United States has adopted even stronger measures and violently counterattacked the Soviet Union in many Third World hot spots, including Central and South America, Africa, the Middle East, and Northeast Asia. In the economic field, the Reagan administration has adopted a high-handed policy to combat the anti-hegemonist struggle of the Third World countries in this field. The above-mentioned U.S. policies have aggravated the turbulent situation of the Third World and exacerbated its economic difficulties. Although there are some similarities between Western Europe's policy toward the Third World and that of the United States (restraining Soviet expansion in that area and shifting economic crisis onto the Third World), there are also some great differences. Western Europe hold that the main problem for the Third World today is the problem of economic development (including heavy foreign debts, African famine, and the fall in prices of raw materials and primary products). For this reason, Western industrial countries should make certain concessions and compromises so as to help the Third World develop its economy. Thus, the political situation there will also become more stable. This is not only conducive to restraining Soviet expansion, but also to the economic growth of the West. Many theories and slogans put forward by West European political and academic circles, such as "the South is an engine for the economic growth of the North," "mutual reliance between North and South," and "without North-South cooperaton, the current economic crisis cannot be overcome," all serve the policy. The United States is very angry with this. It criticized Western Europe for taking advantage of the contradictions between the United States and the Third World to benefit itself (the policy of Western Europe does attempt to preserve its original spheres of influence in the Third World). Kissinger said; "What Western Europe is doing in the Third World is aimed at benefiting itself at the expense of the United States." He proposed that both Western Europe and the United States should work out a common strategy to deal with matters concerning the Soviet Union and the Third World.

But Western Europe emphasizes that it should play a different role in the Third World and opposes conducting armed intervention against the Third World (however, once the immediate interests of West European countries are concerned, they will also resort to force without the least hesitation against the Third World countries, such as the open support by the European Community for Britain in its war with Argentina on the question of the Malvinas Islands). It also opposes extending East-West conflict to North-South relations, holding that it is harmful to restraining Soviet expansion in the Third World.

The attitude of Western Europe in opposing Soviet expansion in the Third World is very clear. The Soviet expansion in the Southern part of Africa and the Horn of Africa in the second half of the 1970's and the Vietnamese aggression in Cambodia supported by the Soviet Union as well as the Soviet invasion of Afghanistan in the late 1970's and early 1980's were all resisted and opposed by West European countries and the European Community.

Although on the North-South Question, West European countries have played some negative roles, generally speaking, they are positive factors in resisting the U.S.-Soviet contention and expansion in the Third World.

4. The Question of Economic Development

In the U.S.-Soviet contention, whether Western Europe can improve its position and whether it can play a greater role, a decisive factor is whether its economic strength can be enhanced.

In the 1950's and 1960's, Western Europe was in a period of rapid development -- the speed of its development had been unprecedented in the history of capitalist economic development (the annual economic growth rate was as high as 5 to 6 percent). After it was extricated from an extremely weak situation in the initial postwar period, its strength as a whole was close to the United States and stronger than the Soviet Union.

Since the early 1970's, having been heavily affected by the two most serious periodical economic crisis after the war and the two oil price rises, the economic strength of Western Europe has been weakened. At the same time, its reform of the economic structure has encountered great obstacles. It started the new technical revolution comparatively late and has not adopted effective measures in this field. Serious inflation has not been controlled for a long time and the unemployment rate has been increasing year by year. In addition, it has been negatively influenced by the U.S. "three highs" policy. As a result, its economic has long had the problem of stagnation and low growth rate.

In this period, there has been a dramatic change in the relative economic strengths of Western Europe, the United States and the Soviet Union: The economic position of Western Europe has been relatively weakened while that of the United States has been strengthened; and the Soviet economy has entered a hard period of low growth due to the influence of various international and external factors. This change in the economic situation has sharpened the contradictions between Western Europe and the United States in the economic field and affected to a certain extent the position of the Soviet Union as a traditional market for Western Europe.

The West European economy began to take a turn for the better after 1985. It is expected that in the next 2 or 3 years, this trend will continue to develop and the economic growth rate may be slightly increased. Great fluctuations in the inflation rate are unlikely -- it has already been markedly reduced -- and the serious unemployment situation is not likely to go on deteriorating.

Looking into the future, it can be expected that a turning point will appear in the 1990's in the West European economy as more and more achievements will be made in the reform of its economic structure and the new technical revolution (development of various West European countries is uneven, but they can promote each other). By that time, the economic growth rate of Western Europe will be increased (reaching about 4 percent, but it will be difficult to regain the high growth rate of the 1950's and 1960's). However, due to the heavy burden of the arms race and other restrictions, the United States and the Soviet Union will have difficulty raising their economic growth rates. Thus, it is quite possible that there will again be some changes favorable to Western Europe in the balance of economic strength. Once this happens, Western Europe will naturally be in a more favorable position in its relations with the United States and the Soviet Union.

5. The Question of West European Alliance

In the past as well as for some time to come, the strengthening of the West European alliance is another important matter for raising the position of Western Europe in East-West relations and in resisting U.S.-Soviet contention.

The successive establishment of the European Coal and Steel Community, the EEC, and the European Atomic Energy Community in the 1950's and their development on a tortuous road over the past 30 years or so have laid a sound basis for the West European alliance, which already has a considerable scope and force. The number of member states of the European Community has increased from 6 to 12. In the economic field, it has developed from a customs union and a common agricultural policy to the establishment of the European monetary system and cooperation in the field of scientific research. There has also been a comparatively great progress in political defense cooperation and in adopting coordinated policies, especially "speaking in the same voice" on some major diplomatic policies.

Since the beginning of the 1980's, the West European alliance has been faced with serious tests and challenges. Internally, for various reasons such as the long-term stagnation in the West European economy and the imbalance in economic development of various countries, the contradictions between various member states of the the European Community have been sharpened. They have been arguing over problems concerning the agricultural policy and budgetmaking for a long time, and the progress of the alliance has slowed down. Externally, since the U.S.-Soviet contention has sharpened and the European situation has been further intensified. Western Europe has been put into a more turbulent and unsafe situation. If it does not accelerate the alliance in the political field and in defense affairs, it will possibly disintegrate and lose its current position. In the economic field, since it lags behind Japan and the United States in respect of economic growth rate and the new technical revolution, its international economic position and competitiveness may possibly be further weakened. Under the above-mentioned internal and external pressures and challenges (especially those outside), there has been spectacular progress in the West European alliance over the past year or so. The cooperation in defense affairs with West Germany and France as the main body has been strengthened, the "Eureka Plan" for advanced technological research and cooperation has been passed, and some important measures for improving the community's voting system and carrying out the enriched common market plan (realizing free circulation of commodities, funds, labor, and services by 1992) have been adopted. These are concrete expressions of this progress. Although there will be all kinds of difficulties for the implementation of these measures, and some of them may not even be implemented, at least this shows the determination of Western Europe in its effort to extricate itself from its predicament and to meet the challenge.

On the question of West European alliance, the United States and the Soviet Union have their own assessments. In the political report delivered at the 27th CPSU National Congress held recently, the Soviet Union formally acknowledged in theory that the United States, Europe, and Japan are three centers of the capitalist force, showing that it has to face up to the strength of the West European alliance. While increasing its political and military pressure on Western Europe, the Soviet Union has also tactically made use of the contradictions between Western Europe and the United States, trying to win over the former and isolate and attack the latter with concentrated strength. At the same time, it has sown dissension among various West European countries and made use of the fact that France and Britain are afraid of and on the alert against the strengthening of West German power to obstruct the progress of West European alliance. The United States, however, adopts a policy of making use of and placing restrictions on the alliance of Western Europe. It hopes that the joint force of Western Europe will play a role of resisting Soviet expansion in Europe as well as in certain areas of the Third World, so as to lighten its burdens in global contention with the Soviet Union. But it also places restrictions on the alliance in defense and economic affairs so as to enhance its control over Europe. In particular, since Western Europe is a powerful rival of the United States in the economic field, it has adopted more unscrupulous measures to obstruct the economic alliance of Western Europe (such as using both hard and soft tactics and making use of the special relations between Britain and the United States and West Germany's dependence on the United States in defense affairs).

There are altogether more than 20 nationally independent countries in Western Europe, each has its own policies and is different in position and strength. Thus, the course of the alliance will naturally be slow and full of difficulties. In the political and economic fields as well as in monetary and defense affairs, the contradictions and obstacles within Western Europe are often expressed by the conflict of "narrow nationalism," but in foreign policy, they are often expressed by the different stands between the "Atlantic faction" and the "European faction." Judging from the course it has taken in the past 20 years or so, the orientation of development of the West European alliance can only be the strengthening of cooperation and coordination in various fields under the condition of maintaining the sovereignty of various member states, rather than following the road of transnational entity. An important reason for the continuous development of the West European alliance in the past and in the future, apart from its internal needs, is the extenal pressure, especially the U.S.-Soviet contention, which plays the role of promoting this alliance.

6. Some Conclusions

To sum up, it may be appropriate for us to make the following judgments on the relations between Western Europe on one side and the United States and the Soviet Union on the other:

1. In the foreseeable future, Western Europe will continue to be the cockpit of U.S.-Soviet contention. This is decided by two factors. First, the economic and technical forces of Western Europe play an important role in the U.S.-Soviet contention; and second, both the United States and the Soviet Union can take advantage of the current degree of West European alliance. The United States makes use of the Soviet threat to control Western Europe, and the Soviet Union makes use of the U.S. control to sow dissension between Western Europe and the United States. Of course, in this complex struggle, the two countries may win or lose some points in a certain period or on a certain question, but they will never end their contention.

The contradiction between Western Europe on one side and the United States and the Soviet Union on the other is different in nature. The contradiction between Western Europe and the United States originated from control and anticontrol, while that between Western Europe and the Soviet Union originated from threat and antithreat. Although these contradictions are different in nature, they are all difficult to overcome. This is determined by the basic policies of the two countries toward Western Europe.

2. Under the new situation of the U.S.-Soviet contention, there are difficulties, but opportunities as well, for the development of Western Europe. A basic policy Western Europe may adopt to deal with the new situation is to further expedite the relaxation of relations between the United States and the Soviet Union as well as development of the U.S.-Soviet arms race, and to give play to its independent and positive role in this effort. Essentially speaking, in future development, Western Europe still needs to be alert to Soviet attempts to break up the alliance between Europe and the United States by means of strong military pressure and to restrain the development of West European independent forces. However, its struggle to resist the United States' wilful acts in the course of the arms race and for more right to speak on the strategy against the Soviet Union seems to be developing more vigorously.

3. Through its development over the decades since the war, Western Europe has become an important force to contend with in international affairs. In a situation where U.S.-Soviet contention is becoming more and more acute, it is also a force for maintaining world peace and stability. In the future, the position and role of Western Europe will still be determined by the strengthening of its power and the progress of the alliance of various countries. Judging from the trend of historical development, Western Europe, which is a pole in a multipolar world, will further play a positive role in opposing the arms race and preserving world peace.

JAPAN, USSR REACH AGREEMENT ON GRAVE VISITS

OW011348 Beijing XINHUA in English 1203 GMT 1 Jul 86

[Text] Tokyo, July 1 (XINHUA) -- Japan and the Soviet Union today reached an agreement on reciprocal visits without visas by family members to ancestral graves in each other's country. The agreement will enable Japanese to resume for the first time since 1975 visits to their family graves on the northern islands occupied by the Soviet Union after World War II.

According to a report by the JIJI NEWS AGENCY, the accord was reached at a meeting this morning by Japanese Foreign Minister Shintaro Abe and new Soviet Ambassador to Japan Nikolay Solovyev. Under the agreement, effective August this year, nationals from the two countries making grave visits need only bear their identity cards.

It was reported early in May, when Abe visited Moscow, that the two countries had agreed to negotiate the resumption of Japanese visits to the ancestral graves on the northern islands, off Japan's main island of Hokkaido. Former Japanese islanders visited the Soviet-held islands between 1964 and 1975, bearing identity cards issued by the Japanese Government. But in 1976, Moscow announced that Japanese wanting to visit these islands would need visas, leading to the suspension of such visits.

At today's meeting, the new Soviet ambassador also handed Abe a letter from Soviet leader Mikhail Gorbachev to Japanese Prime Minister Yasuhiro Nakasone. Abe said after the meeting that Gorbachev's letter expressed enthusiasm toward Nakasone's invitation to visit Japan.

REAGAN AWARDS LIBERTY MEDALS TO CHINESE AMERICANS

OW041445 Beijing XINHUA in English 1414 GMT 4 Jul 86

[Text] New York, July 3 (XINHUA) -- Architect I.M. Pei and industrialist An Wang, two Americans of Chinese origin, were awarded the "medals of liberty" by U.S. President Ronald Reagan this evening. Pei and Wang are the first two Chinese-Americans to be awarded the bronze-cost medals, one of the most prestigious honors in this nation.

At a grand opening ceremony to mark a four-day centennial celebration of the statue of Liberty on Governors Island, two kms southeast of Manhattan, Pei and Wang, together with ten other naturalized U.S. citizens, were honored for having "made substantial contribution to the United States." Astronaut Franklin Chang-diaz, psychologist Kenneth Clark, entertainer Bob Hope, statesman Henry Kissinger, journalist James Reston, among others, were chose to be the first 12 recipients of the Medal of Liberty awards from an initial list of 200 recommendations.

Pei, a native of Canton, has left his architectural mark on buildings from New York to Hawaii. The 69-year-old architect arrived in the United States 50 years ago and became a U.S. citizen 19 years later. His architectural designs vary from the simple grave of Senator Robert F. Kennedy at the Arlington National Cemetery to the sprawling Jacob K. Javits Convention Center in New York City and the renovated Louvre, the foremost French art museum in Pris.

Wang, 65, nicknamed by the U.S. news media as "the computer genius," was born in Shanghai and came to this country in 1945. He earned his master's degree and Ph.D. at Harvard University within three years and founded the Wang Laboratories in Boston in 1951, a business that has made him one of America's wealthiest men and most generous philanthropists. Wang, whose company had sales of 2.35 billion U.S. dollars in the most recent fiscal year, introduced a desktop computer in 1965 that revolutionized the industry. His company has now become a leading worldwide supplier of integrated computer systems, including texts, data, image and voice processing, as well as telecommunications and networking.

PRC FLAG FLIES AT U.S. INDEPENDENCE DAY PARADE

OW051754 Beijing XINHUA in English 1505 GMT 5 Jul 86

[Text] Washington, July 4 (XINHUA) -- The five-star red flag of the People's Republic of China today made its debut in commemoration festivities of the 210th anniversary of the U.S. independence -- the first such appearance since the people's republic established diplomatic relations with the United States.

More than 400 Chinese Americans and Overseas Chinese from Washington, D.C. and New York participated in today's Independence Day parade along the Constitution Avenue, south of the White House. Dressed in traditional Chinese styles, several dozens of them waved the national flags of the People's Republic of China and the United States. Some Chinese American youths performed the traditional Chinese "lion dance" to loud applause from bystanders. An old Chinese American told XINHUA he was delighted to see the five-star red flats in the parade. Some Chinese students studying in the United States joined in today's parade.

NORTH, SOUTH KOREA 'POSITIVE' TO IOC PROPOSALS

OW040602 Beijing XINHUA in English 0545 GMT 4 Jul 86

["Both Parties of Korea Respond Positively Towards IOC Proposals" -- XINHUA headline]

[Text] Geneva, July 3 (XINHUA) -- The Democratic People's Republic of Korea and South Korea expressed "positive" responses towards the IOC proposals of staging a couple of the 1988 Olympic events in the DPR Korea, according to an IOC communique published today.

During the 3rd reunion meeting held June 10-11 between both parties of Korea, the International Olympic Committee proposed that DPR Korea hold two complete events of table tennis and archery, part of some other events and the Olympic cultural festival. But the IOC is still expecting a clarification as to the interpretation of the reply from the DPR Korea before IOC goes ahead to make detailed plans for the joint-hosting of the 1988 Olympic games.

SOVIET NAVAL, AIR UNITS ARRIVE IN DPRK

HK050244 Beijing XINHUA Hong Kong Service in Chinese 0150 GMT 5 Jul 86

[TExt] Beijing, 4 Jul (XINHUA) -- According to a Korean central television station report on the evening of 4 July, a 3-vessel naval squadron, including the heavy antisubmarine cruiser "Minsk," arrived at the Korean port of Wonsan for a visit on 4 July. The squadron is commanded by Sidorov, commander of the Soviet Far East Fleet.

On the same day, a squadron of 12 MiG-23 aircraft commanderd by Soviet Far East Military District Air Force Commander Bulankin also arrived in Korea.

The television report said that the Soviet Pacific Fleet Squadron and the Air Force squadron have arrived in Korea to take part in activities to mark the 25th anniversary of the signing of the Korean-Soviet treaty of friendship, cooperation, and mutual assistance.

U.S. RECONNAISSANCE PLANE REPORTED IN DPRK AIR SPACE

OW040638 Beijing XINHUA in English 0630 GMT 4 Jul 86

[Text] Pyongyang, July 4 (XINHUA) -- A U.S. high-altitude reconnaissance plane flew into the sky above the territorial waters east of Kosong of DPRK at around 16:00 yesterday, the local press reported today.

The U.S. conducted such spy flights 15 times in June, the report said.

This shows that the United States has no intention of easing tension on the Korean peninsula.

CPC GOODWILL GROUP LEAVES FOR PYONGYANG

OW041059 Beijing XINHUA in English 0742 GMT 4 Jul 86

[Text] Beijing, July 4 (XINHUA) -- A Chinese Communist Party goodwill visiting group left here this morning for Pyongyang on a friendly visit to the Democratic People's Republic of Korea. Head of the delegation is Wang Fang, a member of the Chinese Communist Party Central Committee and secretary of the Zhejiang Provincial Committee of the Chinese Communist Party.

NAKASONE CLAIMS LANDSLIDE ELECTION VICTORY

OW070756 Beijing XINHUA in English 0746 GMT 7 Jul 86

[Text] Tokyo, July 7 (XINHUA) -- Prime Minister Yasuhiro Nakasone's Liberal Democratic Party (LDP) claimed a landslide parliamentary majority, its largest in 26 years, in Japan's elections Sunday. The victory practically assured Nakasone of a third term in office.

The national television station NHK reported the LDP, which has held power since 1955, won 300 seats in the 512-member House of Representatives, or the lower house, with seven seats yet to decided. That margin reflects a 51-seat gain over its current strength and will surpass the 296-seat majority the LDP won in the November 1960 elections.

There had been little doubt about a victory for the LDP in the House of Councillors, or upper house, where half of the 252 seats were put on the ballot. This was only the second twin parliamentary election in post-war Japan.

The overwhelming win is crucial to whether Nakasone will try to remain in office beyond October, when he is required by the party to retire as LDP president. The LDP president's job carries with it the prime minister's position because of the party's parliamentary majority.

The biggest loser in the election was the Japan Socialist Party, winning only 82 seats.

Final official returns won't be announced until Tuesday. An estimated 61 million of Japan's 86 million eligible voters cast ballots on Sunday.

TIAN JIYUN MEETS JAPANESE BUSINESS EXECUTIVE

OW031100 Beijing XINHUA in English 1042 GMT 3 Jul 86

[Text] Beijing, July 3 (XINHUA) -- Vice-Premier Tian Jiyun today called for expanding Sino-Japanese economic and technological cooperation. "It is high time now for China and Japan to explore new channels of cooperation in the economic and technological fields," said Tian at a meeting here with Yotaro Iida, president of Japan's Mitsubishi Heavy Industries Ltd. and vice-president of the Japan-Asia Exchange Association, and his party.

Japan is superior in terms of technology, capital, and technical equipment, the vice-premier said, while China with its rich natural resources, labor force and huge market, has its own advantages. These advantages combined would offer great potentials for cooperation between the two countries, he said.

The vice-premier spoke highly of Iida's dedication to Sino-Japanese friendship and economic cooperation.

Iida said his company wishes to expand cooperation with China in the field of power-generating equipment and other areas and is ready to offer any help that China needs in its modernization drive.

BANK OFFICIAL ON SUPPORTING HONG KONG'S INDUSTRY

HK021346 Beijing XINHUA Hong Kong Service in Chinese 1104 GMT 30 Jun 86

[Article by Lin Guangzhao, deputy director of Hong Kong and Macao Management Office of the Bank of China: "Promote Industrial Development and Hong Kong's Economic Prosperity"]

[Text] Hong Kong, 30 Jun (XINHUA) — Since Hong Kong's industry recovered, from the late fifties onward, it has occupied an increasingly important position in the development of Hong Kong's economy. At present industry has become the foundation of Hong Kong's diversifed economic structure. It has provided Hong Kong inhabitants with ample employment opportunities and it is a customer of tertiary industry. Meanwhile, it is also the main source of Hong Kong's wealth. In the development of Hong Kong's economy toward diversification and internationalization, industry has played an extremely important role. The rise or fall of industry is also a decisive factor determining whether Hong Kong can continue to maintain its economic prosperity.

A comprehensive analysis of Hong Kong's recent industrial situation shows that while industry has developed in a sustained and steady manner, it is confronted with the following hidden troubles: First, textiles and garments, Hong Kong's leading industry, are now being threatened by the increasing trade protectionism in the United States; second, Hong Kong's industry will have to bear greater pressure from competition in the international market because its production costs are relatively higher than those of neighboring areas; third, medium-term investment in Hong Kong's industry is now at a standstill due to the influence of unstable economic factors in Western markets.

These hidden troubles are the questions that deserve attention in the short and medium term development of Hong Kong's industry. They are also crucial matters related to Hong Kong's economic prosperity in the future.

In order to remove the above obstacles and promote the development of industry in light of Hong Kong's actual circumstances, it is necessary to first rely on the unremitting efforts of industrial circles. Meanwhile, the support of the Hong Kong Government and the cooperation of various circles are also indispensable.

Industrial Circles Should Make Greater Efforts

A review of history shows that the development of Hong Kong's industry has never been smooth. With the efforts made by industrial circles, Hong Kong has made improvements in both advanced equipment and application of advanced techniques and technologies. Along with the trend of market development, Hong Kong's product mix and trade structure are also being diversified. Apart from acquiring great prestige in the international market, the export of many Hong Kong products also ranks first compared with similar products of other countries.

Hence, the key to achieving greater progress in Hong Kong's industry still lies in the unremitting efforts of industrial circles. Confronted with the new challenges, Hong Kong's industrial circles should work unremittingly and make greater efforts in the following aspects:

First, continue to maintain and further develop the strong points of Hong Kong's industry. Hong Kong's industry has expanded amid long-term competition in the international market. With the arduous efforts made by the industrial circles, an industrial system and operational methods suited to Hong Kong's environment and competition in the international market have taken shape. In addition, Hong Kong has acquired the strong points of the adaptability of its industry and the relatively high technological level of its workers. In the days to come, these strong points must be maintained and brought into full play.

Second, on the basis of the existing industrial structure, it is necessary to diversify and improve the quality of products so as to consolidate Hong Kong's traditional export markets and open up new export markets.

Third, it is necessary to strengthen cooperation with foreign and Chinese industries and to open up new industrial fields. Foreign investment in Hong Kong, which is tending to increase, will inevitably promote the development of Hong Kong's industry. Regarding cooperation with China's industry, Hong Kong's industrial circles should, in connection with its high levels of production and management, have quick access to market information, and other strong points, make the most of China's solid industrial foundation, manpower, land, abundant natural resources, and other strong points, strengthen multilateral cooperation, help supply each other's needs, and jointly exploit new industrial fields.

Fourth, it is necessary to increase medium- and long-term investment in industry with foresight. In order to maintain the competitiveness of Hong Kong's industry, Hong Kong should diversify and improve the quality of its products. In order to exploit new industrial fields, Hong Kong's industrial circles should meet the new needs of industrial science and technology and market development, and increase investment in equipment and technology. We must never be discouraged because of the effect of cycles and intermittent protectionism of the Western economy or worry about Hong Kong's future. Practice over the years has proved that Hong Kong's industry has actually expanded amid the storms and waves, and the rise and fall of the Western economy, and that Hong Kong's industrialists can overcome all kinds of difficulties with their indomitable spirit and adaptability. Looking ahead, the future of Hong Kong is bright. Both the Chinese and British Governments have been responsible and serious in implementing the "Joint Declaration." With the joint efforts of the Chinese and British Governments, Hong Kong inhabitants' travel documents, Hong Kong's membership in the GATT, and the question of land have all been appropriately solved, thus creating favorable conditions for the further development of Hong Kong's. industry. In the days to come, the problems concerning Hong Kong's economy will also be appropriately solved one by one. As a result, there is no reason whatsoever for industrial circles to be anxious. They should seize the investment opportunity and lay a solid foundation for their own undertakings as well as Hong Kong's prosperity and stability in the future.

The Hong Kong Government Should Take Vigorous Measures To Support and Promote Hong Kong's Industry

Government support is a vital factor for industrial development. Although the Hong Kong Government has pursued an "active non-interference" economic policy for a long time, it has given indirect support in policies and basic facilities to industrial development as a whole, in exploiting overseas markets, and in encouraging foreign investment.

As a matter of fact, the Hong Kong Government has done a great deal of work over the years in basic facilities, exploiting land for industrial use, industrial education, and pre-employment training. The functional role of the government organs, including the Industry Department and the Trade Department, and of the Hong Kong Productivity Council and Trade Development Council in supporting industry and promoting trade has increased with each passing day. In view of the important position of industrial development in Hong Kong's economy as a whole, we hope that the Hong Kong Government will make greater efforts to support and promote the development of industry, thus creating a fine environment favorable to foreign and local investment in industry.

Industrial, Commercial, and Other Circles Should Cooperate Closely With Each Other

Industry, as the foundation of Hong Kong's diversified economic structure, and other trades are interrelated. Therefore, industrial, commercial, and other circles should help and coordinate with each other and make concerted efforts to maintain Hong Kong's economic prosperity.

Financial circles should be concerned with the development of industry and provide industrial circles with better services. Although the banks' financial support to industry has increased annually, the growth rate is still limited. By the end of 1985, bank loans to the manufacturing industry accounted for only 8.3 pecent of the total loans granted. There are many reasons for the low growth rate of loans granted to industry, of which scattered trades, drastic changes in a large number of small factories, and loose management of small enterprises are the problems the banks frequently encounter when granting credit. For this reason, it is absolutely necessary for the banks and industrial circles to enhance mutual understanding.

The Bank of China group has always given vigorous financial support to Hong Kong's industrial enterprises. In 1983, the Bank of China group drafted a plan on further increasing loans to Hong Kong's industry. The focus of the plan was: First, expand business in import and export bills and installment credit for factory building and equipment purchases so as to help manufacturers start undertakings replace equipment, import advanced technology, and accelerate business operation. Second, provide medium and small factories with various credit services, including discounted bills, granting of loans, and promptly offering circulating funds for their operation. The interest rates for industrial loans were preferential and lower than ordinary loans, and the repayment period could be extended to over 20 years. In addition, the procedures for industrial loans were also simplified. The Bank of China group's plan for increasing industrial loans has been well-received by local manufacturers. Over the past 3 years, industrial loans granted by the Bank of China group have increased at an annual average rate in the double digits. In the years to come, the Bank of China group will continue to keep abreast of Hong Kong's industrial development, provide industrial circles with better banking services, and make contributions to Hong Kong's prosperity and stability.

AFGHAN DIPLOMAT SAID TO SEEK ASYLUM IN FRG

OW041026 Beijing XINHUA in English 0936 GMT 4 Jul 86

[Test] Islamabad, July 4 (XINHUA) — Acting Afghan Consul-General in Karachi Baz Mohammad Rehyab [spelling of name as received] has left the city with his family to seek asylum in Federal Germany, the PAKISTAN TIMES reported today. The paper quoted a foreign office spokesman as saying that investigations have shown that Rehyab left Karachi "voluntarily" for Frankfurt by the German airline Lufthansa flight-663 on June 26.

Rehyab and his family were founded disappeared on June 24. Before his disappearance, Rehyab was busy selling his furniture in Karachi. The paper also quoted diplomatic sources here as saying that the facts of the case have clearly established the absurdity of the allegations made by an Afghan diplomat in Karachi that Rehyab had been kidnapped and was being held in drugged condition in Karachi.

The sources said he had received an order in May recalling him back to Kabul and he feared that his life would be in danger if he returns. Rehyab was posted in Karachi last year. The sources held that his defection showed the lack of support for the Kabul regime.

AFGHAN RESISTANCE REPELS SOVIET-KABUL ATTACK

OW051118 Beijing XINHUA in English 1107 GMT 5 Jul 86

[Text] Islamabad, July 5 (XINHUA) -- The Afghan Mujahideen (freedom fighters) have repulsed an attack by Soviet-Kabul troops in the eastern Afghan province of Paktia, Mujahideen sources said today.

The sources said that the Soviet-Kabul troops attacked the positions of the Muslim guerrillas around Khost area for four consecutive days starting June 27. During the fighting, two military vehicles of the attacking force were blown up by mines, and 16 Kabul soldiers joined the guerrillas.

The AGENCY AFGHAN PRESS (AAP) reported today that in the southeastern Afghan province of Zabul, a group of resistance fighters attacked with rockets a Soviet-Kabul military convoy on June 24, killing or wounding 20 Soviet-Kabul troops. During the fighting, the guerrillas also destroyed a helicopter and damaged another, the AAP said. In Ghazni Province, north of Zabul, the guerrillas raided a security post at the Ghazni airport on June 22, during which four Soviet troops were killed and an officer was captured, said the AAP.

The AAP also said that in an operation in the southern province of Helmand, the guerrillas destroyed a military camp on June 19, killing or wounding some 50 Soviet-Kabul troops. Equipped with rockets and light guns, the guerrillas stormed the camp near Nawa town on the night of June 18 and continued the operation till the next morning, during which three Soviet tanks were destroyed. On the resistance side, however, 17 members were killed during the operation, according to AAP.

In the northeastern province of Badakhshan bordering the Soviet Union, the guerrillas destroyed with rocket fire a Soviet motorboat in Amu River on June 14, killing seven Soviet troops. The next day, the AAP added, Soviet planes bombed the rural localities in the area, killing several civilians.

PORTUGUESE HERITAGE IN MACAO TO BE PRESERVED

AU021955 Paris AFP in English 1945 GMT 2 Jul 86

[Text] Lisbon, July 2 (AFP) -- The future of Macao's Protuguese heritage is assured, the territory's governor said Wednesday, outlining progress in talks to transfer Macao to Chinese control.

Joaquim Pinto Machado, in Lisbon to brief President Mario Soares after the first two-day session in Beijing on transfer negotiations, said: "The Chinese authorities have declared in the clearest manner their intention to acknowledge and preserve the Portuguese heritage" in Macao. He said in the second round of talks, the two sides would touch on the practicalities of that intention.

insisting that Portugal did not want to turn Macao into a museum, Mr Pinto Machado said the Portuguese Government had shown its willingness to overcome the hurdles, particularly in the fields of culture and education. The "clear desire for cooperation shown by all those concerned with the future of Macao" boded well for the rest of the talks, he said.

Both Lisbon and Beijing regard Macao as being Chinese territory currently under Portuguese administration. There is no deadline for an administrative handover.

EC COMMISSION PRESIDENT DELORS CONTINUES VISIT

Discussions with Li Peng

OW021210 Beijing XINHUA in English 1146 GMT 2 Jul 86

[Text] Beijing, July 2 (XINHUA) -- Chinese Vice-Premier Li Peng listed three ways of furthering economic relations between China and Western Europe at a meeting here today with Jacques Delors, president of the European Community Commission.

First, Western Europe imports more Chinese products. Second, Western European industiral countries provide loans on favorable terms to China. Third, Western European industrialists come to China to set up enterprises run independently or jointly.

The Chinese vice-premier said that providing loans on favorable terms is beneficial to both China and Western Europe, and China handles loans with great care and always takes into account her ability to repay.

China, in turn, will provide more favorable conditions to joint-venture companies in China and guarantee a reasonable profit of foreign investors. China can offer competitive labor prices, land prices and raw materials, Li said.

Li expressed his conviction that economic, trade, and technical cooperation between China, Western Europe, and the European Community would make bigger progress.

Delors, a financial expert, gave his analysis on oil prices and the economic situation f the European Community.

During the two-and-half hour meeting, Delors also asked Li Peng's impression of his recent visit to four European countries in the company of Chinese Communist Party leader Hu Yaobang.

Li said that he was most impressed with the importance Western Europe attaches to developing relations with China. China also places great importance on its relationship with Western Europe. The European Community is a strong economic and political entity whose unity will play an important role in safeguarding world peace, Li said.

Talks With Song Jian

OW021424 Beijing XINHUA in English 1400 GMT 2 Jul 86

[Text] Beijing, July 2 (XINHUA) -- Song Jian, state councillor and minister in charge of the State Science and Technology Commission, met here tonight Jacques Delors, president of the commission of the European Community (EC), Mrs Delors and their party.

Song said that China and the EC have maintained fruitful scientific and technological cooperation for six years. Such cooperation has served as a bridge between China and the EC in their economic cooperation.

Both Song and Delors expressed the wish to develop cooperation between China and the EC in the areas of nuclear energy, petroleum, coal and bio-enginering.

Song hosted a dinner for Delors and his party after the meeting.

Delors and his party toured Great Wall and the Ming tombs this afternoon.

Meets Zheng Tuobin

OW030228 Beijing XINHUA in English 0146 GMT 3 Jul 86

[Text] Beijing, July 3 (XINHUA) -- Jacques Delors, president of the Commission of the European Communities, this morning exchanged views with Zheng Tuobin, Chinese minister of foreign economic relations and trade, on the development of economic relations and trade between the European Communities and China.

Deng Xiaoping Meets, Stresses Peace

OW031022 Beijing XINHUA in English 1006 GMT 3 Jul 86

[Texxt] Beijing, July 3 (XINHUA) -- Senior leader Deng Xiaoping said today China and Europe "share common views in many fields" -- especially the need for peace -- and "have no conflict of interests."

Deng, chairman of the Chinese Communist Party Central Advisory Commisson, spoke at a meeting here with Jacques Delors, president of the European Community's Executive Commission. "China and Europe both want peace," he said "They safeguard peace and prevent war."

According to Deng, this common interest in peace is the "basis for developing political and economic relations between China and Europe," for which there are "broad prospects." Deng said China views Europe -- including Eastern Europe -- as a force for peace.

Deng said prospects for peace will be enhanced by a "united and powerful" Europe that pursues an "independent foreign policy." Deng recalled that Europe has experienced two world wars and as a result is particularly sensitive to the danger of a third world war. In that, he said, Europe was like China, which he said seeks a long period of international peace to develop itself.

Since China is on the side of peace, "Every step China takes to develop itself scores another point for the security of the world," said Deng. "Only if the developing countries continue to progress can peace be guaranteed."

Delors said he hoped relations between the European Community and China will become a "model of equality and effective cooperation" between developed and developing countries. Delors said Europe supported China's development, adding that "Europe has watched China's progress closely and with sympathy." He said the 12 nations of the European Community are determined to join together.

FRG'S KOHL CALLS FOR SUPERPOWER DISARMAMENT PACT

OW030620 Beijing XINHUA in English 0538 GMT 3 Jul 86

[Text] Bonn, July 2 (XINHUA) -- Federal German Chancellor Helmut Kohl said an agreement to reduce conventional weapons and medium-range missiles between the twc superpowers -- the United States and Soviet Union -- is of utmost concern to his country.

In a televised speech tonight, Kohl said the disarmament proposals advanced recently by the Soviet Union as "positive" and "worth attention." He said the superpowers are "on the move" and he is hopeful that a second U.S.-Soviet summit will be held in Washington this fall or early winter.

Kohl said he believes the United States and the Soviet Union eventually reach an agreement on chemical weapons. But, he stated that Germans deem it urgent to have an accord on cutting back conventional arms and medium-range missiles.

LIAOWANG ON HU YAOBANG'S VISIT TO WESTERN EUROPE

HK021259 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 26, 30 Jun 86 p 30

["Special dispatch from Rome" by Yang Yuanhua": "A New Chapter of Friendship and Cooperation Between China and Western Europe"]

[Text] From 9 to 23 June, General Secretarey Hu Yaobang paid a 15-day official visit to Britain, the FRG, France, and Italy. It was a short but highly successful visit.

The visit shows that China attaches great importance to maintaining and developing long-term and stable cooperation with West European countries. It has completely achieved the desired objective of "increasing understanding, strengthening friendship, expanding cooperation, and safeguard peace," thus adding a new chapter of friendship and cooperation to relations between China and Western Europe. West European sources said that the first visit to Western Europe by the General Secretary of the CPC was "an event of historic significance" and that its significance goes beyond the scope of Western Europe.

They also said that the visit not only involved current friendship and cooperation but also set its sights on the future by passing the torch of friendship and cooperation from one generation to another and making a positive contribution to safeguarding world peace and common development.

Situated on either end of the Eurasian Continent, West European countries and China are Occidental and Oriental countries with ancient civilizations. More than 1,800 hundred years ago, West European countries had friendly exchanges with China. The present visit has enabled Chinese leaders to learn on the spot the splendid civilizations created by the European people in the past, to see their tremendous achievements in modern culture, science, and technology, and to appreciate the profound friendship for the Chinese people cherished by the West European people.

When General Secretary Hu stepped on the soil of each of the four West European countries, he received a grand welcome. Wherever he went, he was enthusiastically welcomed by people from all walks of life and the masses. During his visit, General Secretary Hu and his party held cordial and friendly talks with the leaders of the four governments and the leaders of the Italian, French, and British Communist Parties, as well as with the leaders of the opposition parties and entrepreneurs in the four countries on the two most fundamental issues in the contemporary world -- peace and development -- and on the development of bilateral relations. Although separated from one another by a long distance and although our cultures, languages, and habits are different, both parties can make energetic efforts to relax international tension and to promote common development on the basis of mutual trust and cooperation.

Europe is the cradle of the modern industrial revolution. It has made major contributions to human civilization and remains one of the most developed areas in the world in the fields of economics, culture, and science today. However, Europe was unfortunately the source of two world wars, in which the people suffered great calamities. Today it is still an area fraught with worldwide conflicts. This dual historical feature has placed Europe in an especially important position in contemporary international affairs and in the question of peace and development, which is vital to the destiny and future of mankind.

Western Europe has experienced many vicissitudes, but is now in its prime, growing and flourishing. This shows that the industrious and intelligent West European people have not only a glorious history but also a splendid future. The West European countries and peoples long for peace. They do not want to let the frightful disasters of war repeat themselves in Europe. They want to develop the economy and to bring about prosperity. The people of Western Europe do not want to let others decide their survival or fate. They want to unite to deal with the challenges facing them. This alliance is in the interests of the people of Western Europe and is conducive to world peace and stability. During this visit, General Secretary Hu and his party supported European alliance and hoped to see the Western European alliance become powerful. Western Europe also hopes to see China become prosperous and powerful. Both sides hope they will get along well with each other and engage in close cooperation from one generation to another.

During his visit, Hu Yaobang delivered an important speech entitled "A Key to Understanding the Future Trends of China" and a speech entitled "China Seeks To Develop Long-term Economic Cooperation With Europe." At his meeting with the cadres of the Italian Communist Party, he also delivered an important speech on principles for dealing with the relationship between one party and another.

On numerous occasions, he delivered speeches on strengthening friendship and cooperation between China and Western Europe and on the question of peace and development. These speeches were highly appraised by people in the West European political and economic circles. After listening to General Secretary Hu Yaobang's speeches, they said that China's independent foreign policy of peace and its optimistic views on the world's future have "strengthened their confidence" and that the fact that China adheres to its long-term policy of opening up has made them "feel more at ease."

Both China and European countries oppose the arms race between the superpowers and stand for independence. In dealing with the relationships between countries and between political parties and groups, they favor implementing the principles of independence, complete equality, mutual respect, and non-interference.

Some farsighted politicians in Western Europe have pointed out: The age of a polarized world has passed. World affairs should not be monopolized by one or two superpowers. It is necessary to approach from a long-term point of view the question of common development and of strengthening cooperative relationships.

Both the governing and opposition parties held identical views on the question of strengthening friendship and cooperation with China. They attached great importance to and showed concern about China's policy of invigorating the domestic economy and opening up to the outside world. They spoke highly of this policy, saying that it is "good news" and is conducive to the stability and development of the world.

General Secretary Hu said: China, which pursues an independent foreign policy of peace, and Europe, which wants to be master of its own destiny and to strengthen alliance, will certainly be able to make increasingly greater contributions to world peace and stability.

On the question of common development, from a long-term point of view and from the angle of safeguarding world stability and promoting common development, China favors helping Third World countries to develop their economies. It holds that, out of their own interests, the developed countries should also discharge their duty in this field and make more active contributions. People in the West European political and economic circles expressed their approval of and support for these views.

In recent years, gratifying progress has been made in the fields of politics, economies, trade, and technological cooperation between China and West European countries. Both sides expressed their satisfaction over this. The Chinese side hopes that West European countries will reduce China's trade deficits and promote the exports of Western Europe by expanding their imports so that the economic and trade relationship of cooperation between both sides will develop more smoothly and in a more coordinated manner. These views also received the approval of people in economic circles.

General Secretary Hu's visit to the four West European states was highly successful. We firmly believe that in the coming years the friendship and cooperation between China and Western Europe will develop steadily and more closely, thus making a greater contribution to world peace and stability and to common development.

FURTHER COVERAGE OF ZHAO EUROPE-AFRICA TOUR

Zhao, Romanian Premier at Banquet

OW040332 Beijing XINHUA Domestic Service in Chinese 0805 GMT 3 Jul 86

[By reporters Ying Qian and Xie Guohua]

[Text] Bucharest, 2 Jul (XINHUA) — Constantin Dascalescu, member of the Political Executive Committee of the Romanian Communist Party [RCP] Central Committee and prime minister of the Romanian Government, held a grand banquet in Bucharest this evening to warmly welcome Zhao Ziyang, member of the Standing Committee of the Political Bureau of the CPC Central Committee and premier of the PRC State Council.

Premier Zhao arrived here this afternoon on a special plane to begin his 5-day official friendly visit.

Prime Minister Dascalescu and Premier Zhao Ziyang delivered ebullient speeches at the banquet, lauding the close friendship, militant unity, and the peoples of the two countries.

In his speech, Prime Minister Dascalescu extended a warm welcome to Premier Zhao. he said: "This visit marks an important moment in the close friendship, militant unity, and all-round cooperation between the parties, the governments, and the peoples of the two countries."

Dascalescu expressed the conviction that Premier Zhao's current visit, his upcoming meeting with Comrade Ceausescu, as well as the understanding to be reached between the premiers of the two countries "will certainly bring about new developments in Romanian-Chinese relations. This conforms to the mutual interests of the friendly peoples of the two countries, and to the interest of socialism as well as world peace and understanding."

Dascalescu said: When Comrades Nicolae Ceausescu and Elena Ceausescu visited China in October 1985, Romania and China reached important agreements on expanding and intensifying the overall relations from 1986 to 1990. "In accordance with these agreements, we have developed mutually beneficial economic, scientific, and technical cooperation, and have made resolute effors to expand cooperation in production so that the PRC will become a major partner in Romania's economic relations with foreign countries." He said: The Romanian and the Chinese Governments have great responsibilities for promoting the understanding reached at the summit meeting.

Dascalescu said: The Romanian people pay attention to the great Chinese people's outstanding achievements in economic construction, scientific and cultural development, as well as their efforts to achieve all-round socialist modernization for the whole nation. They are very happy about this and extend their warm congratulations. He wished the Chinese people new and greater achievements in implementing the CPC policy concerning the development of the nation along the socialist path.

Dascalescu said: At present the Romanian people closely rally around the RCP and its General Secretary Comrade Ceausescu, and go all out to persistently implement the historic resolutions of the 13th RCP Congress and stipulations in the 8th 5-Year Plan. The fulfillment of these resolutions and stipulations is a guarantee that Romania will enter a higher level of economic development.

Dascalescu emphatically pointed out: Romania and China have identical or very similar stands toward major international issues at present. This is a firm foundation on which to continue to strengthen and develop international cooperation between the two countries. He reiterated Romania's consistent stand of stopping the arms race, preventing world war, and safeguarding peace. He emphasized: "Romania and Comrade Nicolae Ceausescu resolutely strive to realize disarmament, nuclear disarmament in particular, as soon as possible, and to achieve a comprehensive disarmament program for thoroughly eliminating nuclear and chemical weapons by the year 2000. Romania holds that the realization of disarmament should have the participation of all countries and have corresponding international supervision."

In his speech Zhao Ziyang thanked Comrades Ceausescu and Dascalescu for their warm invitation and hospitality. He said: "Today I am very happy to bring with me the cordial regards and the best wishes from the 1 billion Chinese people, and visit our old friend, the fraternal Romanian People." He said: "In Romania I will have the opportunity to witness the important achievements scored by the Romanian people under the leadership of the RCP headed by Comrade Nicolae Ceausescu in building socialism through self-reliance, as well as the achievement in all aspects of economic and social development." He said: "The Chinese and the Romanian peoples are intimate comrades in arms. Each and every achievement scored by the Romanian people gives us delight and encouragement. We sincerely hope that socialist Romania will become more prosperous and stronger. This conforms to the interests of the Romanian people and is favorable to peace and the socialist cause."

Zhao Ziyang said: Under the CPC leadership, the Chinese people are working hard to achieve socialist modernization of the motherland. "Through its efforts in recent years, China has made all-round and steady economic progress, and has raised the people's living standards. In the next few decades, through the continuous efforts of generations to come, we plan to make China approach the level of the developed countries."

Zhao Ziyang reiterated that China pursues an independent and peaceful foreign policy. China is opposed to and will never take part in arms race. China resolutely opposes all forms of hegemonism and will not seek hegemony itself. He emphatically pointed out: "Both China and Romania are engaging in national construction. They need a long period of peaceful international environment." "China is willing to join Romania and all peace-loving countries and peoples in safeguarding world peace." He said: "The arms race and hegemonism constitute a threat to world peace and security of all countries and imply the danger of war." He was convinced that with the united efforts of the people of the whole world, war can be prevented, and world peace can be safeguarded.

Zhao Ziyang said: "Traditional friendship and cooperative relations exist between the parties, governments, and peoples of China and Romania." "The Chinese people treasure the profound friendship with the Romanian people built over a long period of time. It is a firm policy of the Chinese party and Government to develop long-term, all-round and stable friendship and cooperative relations with Romania." He believed that Sino-Romanian friendship and cooperative relations will constantly develop.

After the speeches by the two premiers, the hosts and the guests toasted the health of the party and state leaders of the two countries and the constant development and consolidation of friendship, unity, and cooperation between the parties, governments, and peoples of the two countries.

Today's banquet was held at the Victory Hall. A cordial and friendly atmosphere permeated the banquet from beginning to end.

Attending the banquet were Ion Dinca and Gheorghe Oprea, first deputy prime miniters of the Romanian Government; Nicolae Constantin and Ludovic Fazekas, deputy prime minisers; Alexandru Necula, minister of electric machinery and electronics industry; Traian Pop, vice minister of foreign affairs; Paula Prioteasa, vice minister of foreign trade and international economic cooperation; Lucian Dragut, secretary general of the Council of Ministers; Lucian Dragut, secretary general of the Council of Ministers; and Angelo Miculescu, Romanian ambassador to China.

Also attending the banquet were major members of Premier Zhao Ziyang's entourage in the visit to Romania, Lu Dong, minister in charge of the State Economic Commisson: Qian Qichen, vice minister of foreign affairs; Wang Pinqing, vice minister of foreign economic relations and trade; Bao Tong, vice minister in charge of the State Commission for Restructuring Economic System; and Yu Hongliang, Chinese ambassador to Romania.

Meets With Ceausescu

OW031042 Beijing XINHUA in English 1034 GMT 3 Jul 86

[Text] Bucharest, July 3 (XINHUA) -- Nicolae Casusescu, general secretary of the Romanian Communist Party and president of the Socialist Republic of Romania, met with visiting Chinese Premier Zhao Ziyang this morning.

Zhao, also member of the Standing Committee of the Chinese Communist Party Central Committee Political Bureau, and his Romanian host exchanged views on bilateral relations and international issues.

Zhao conveyed the best regards to Ceausescu from senior Chinese party and government leaders Hu Yaobang, Deng xiaoping and Li Xiannian, while President Ceausescu wished them good health and greater successes in leading the Chinese People in their socialist construction, according to Chinese sources.

Zhao told Ceausescu that Chinese party and government leaders are expecting him and his wife Elena Ceausescu to visit China again. Ceausescu replied, "It's time for comrades Hu Yaobang and Li Xiannian to revisit Romania." "As comrade Deng Xiaoping said he would no longer go abroad, I will not compel him to come," he smiled.

This is Zhao's first official visit to Romania as Chinese premier. He came to the country as a member of a Chinese delegation several years ago when he was party secretary of Sichuan Province. The Chinese premier arrived here yesterday afternoon on an offical good-will visit.

After the meeting, Ceausescu and Zhao receded to official talks. Romania is the first stop of Zhao's current tour, which also will take him to Yugoslavia, Greece, Spain, Turkey and Tunisia.

Pays Tribute to Romanian Heroes

OW060742 Beijing XINHUA Domestic Service in Chinese 1440 GMT 4 Jul 86

[By reporter Xie Guohua]

[Text] Bucharest, 4 July (XINHUA) -- At a little past 0800 today, visiting Premier Zhao Ziyang of the State Council of China braved a fine drizzle at Liberty Park located in the center of Bucharest to respectfully lay a floral wreath at the "Monument to the Heroes of the Struggle for the Liberty of the People and of the Motherland and for Socialism."

The wreath was made of red carnations and green cypress branches. Its red ribbon carried the following inscription: "Eternal glory to the heroes who laid down their lives for the liberty of the people of Romania and the independence of their motherland and for the cause of socialism!"

Accompanied by Ion Dinka, first deputy prime minister; (T. Bopu), vice minister of foreign affairs; and others of the Government of Romania, Premier Zhao presented the wreath and paid silent tribute to the monument amid the strains of solemn music.

Premier Zhao and those in attendance also visited the tombs of G. Gheorghiu-Dej, Groza, and Parhon, the late party and state leaders of Romania. This was then followed by a ride to Fetesti, which is known as the center of automobile industry, for a visit.

Visits Farm 3 July

OW032352 Beijing XINHUA in English 2333 GMT 3 Jul 86

[Text] Bucharest, July 3 (XINHUA) -- Following three hours of talks with Romanian Leader Nicolae Ceausescu, visiting Chinese Premier Zhao Ziyang came to the suburbs of Bucharest as guest of a state farm this afternoon.

This is the second day of the premier's visit to the Socialist Republic of Romania.

The farm, "December 30", named after the Republic Day of the Socialist Republic of Romania, is a principal supplier of milk, meat, fruits, vegetables, poultry and eggs and other farm and side-line produce to the Romanian capital. As the premier and his party arrived at the farm in the southern suburbs of Bucharest, the farm's cadres turned out in full force to give the Chinese guests a warm welcome.

Technical director of the farm Palincaqi Teodor gave the guests a detailed account of the production, management and life of the farm. He told them that the farm has 17 sub-farms with 3,200 hectares of land and 2,500 workers. It not only produces farm and side-line products but also does processing. Apart from meeting the needs of the capital, it exports part of the products to a number of countries in Europe.

Premier Zhao showed keen interest in the management of the farm. When told that each sub-farm practises self-financing and the farm workers do not "eat from the same big pot", the premier smiled with satisfaction. At the pig farm, the premier asked about its cost and accounting. When he was told that it was very profitable and the economic results were good, the premier praised the farm workers for their contributions to Romania's socialist construction.

Meets With Dascalescu 3 July

OW040304 Beijing XINHUA Domestic Service in Chinese 0719 GMT 3 Jul 86

[By reporters Ying Qian and Zheng Jian]

[Text] Bucharest, 2 Jul (XINHUA) — Zhao Ziyang, member of the Standing Committee of the CPC Central Committee Political Bureau and premier of the State Council, held official talks in the "Victory Building" here this evening with Constantin Dascalescu, member of the Political Executive Committee of the Romanian Communist Party Central Committee and prime minister of the Romanian Government. They briefed each other on the socialist construction of their respective countries and the policies adopted to develop their economies, studied the current state and future prospects of the development of their bilateral relations of friendship and cooperation, and exchanged views on international issues of mutual concern.

Ma Yuzhen, director of the Information Department of the Chinese Ministry of Foreign Affairs, told these reporters that the talks were held in a cordial and friendly atmosphere and lasted 2 hours and 20 minutes.

During the talks, the two premiers reviewed with satisfaction the smooth growth of the friendly and cooperative relations between the two countries since the visit of Romanian President Ceausescu to China last October. They also carried out detailed discussions on ways and means to further promote the cooperation between the two countries in the fields of economy and trade, as well as science and technology and made some positive proposals in this regard.

Dascalescu stressed that the Romanian party and government and President Ceausescu attaches great importance to Sino-Romanian relations and values highly the continuous development of the friendship and cooperation between the two countries. The Romanian Government, he said, will make determined efforts to fulfill the tasks and attain the goals set by the leaders of the two countries last October for developing their economic cooperation during 1986-90.

Zhao Ziyang stressed in the talks that the friendly relations between the two parties and the two countries of China and Romania are certainly not ordinary, and that such relations, because of their firm foundation, are bound to develop in a protracted, steady, and comprehensive way. Zhao Ziyang pointed out: Sino-Romanian economic ties are a major component part of the comprehensive friendly and cooperative relations between the two countries. The Chinese party and government have always attached great importance and paid earnest attention to the development of economic relations with Romania. China will take a positive attitude and adopt all necessary measures to implement in all seriousness the agreements signed by the two countries.

The two premiers noted with satisfaction the fact that China and Romania are identical or close to each other in their stands toward the major issues facing the world today.

Dascalescu said: Romania is pursuing a peaceful policy. It is opposed to arms race, stands for disarmament, and demands the establishment of a new international economic order. Romania also assesses highly China's immense role in the struggle to safeguard world peace. The effective cooperation between Romania and China in the international arena will surely make a positive contribution to safeguarding world peace.

Touching on international issues, Zhao Ziyang said: China and Romania are identical or similar in their assessment of the international situation and in their stands toward major international questions. In the past few years, they have made new progress in their cooperation in the international arena and in international affairs. China values highly the positive role played by Romania in the international arena and heartily hopes that Romania will make still greater contributions to the settlement of major contemporary international issues.

Attending the talks on the Chinese side were Lu Dong, minister in charge of the State Economic Commission; Qian Qichen, vice minister of foreign affairs; Wang Pinqing, vice minister of foreign economic relations and trade; Bao Tong, vice minister of the State Commission for Restructuring the Economic System; and Yu Hongliang, Chinese ambassador to Romania.

Attending the talks on the Romanian side were Ion Dinca, first deputy premier minister; Alexandru Necula, minister of electrotechnical industry; Traian Pop, deputy minister of foreign affairs; Paula Prioteasa, deputy minister of foreign trade and international economic cooperation; Lucian Dragut, secretary-general of the Council of Ministers; and Angelo Miculescu, Romanian ambassador to China.

The talks were followed by a grand banquet hosted by Dascalescu in honor of Zhao Ziyang and his entourage.

Zhao, Ceausescu Continue Talks

OW051434 Beijing XINHUA in English 1422 GMT 5 Jul 86

[Text] Bucharest, July 5 (XINHUA) -- Romania Leader Nicolae Ceausescu and visiting Chinese Premier Zhao Ziyang this morning held their second round of talks, centering mainly on bilateral relations, trade and economic matters in particular.

The talks were held in a house of the lakeside of Anagov in the northern suburbs of the capital city right after the Chinese premier flew back from a tour of Craiova some 250 milometers west of Bucharest.

A Chinese Foreign Ministry official told the press after the talks that in an in-depth exchange of views, the Chinese premier reiterated the firm policy of the Chinese Communist Party and Government to develop and strengthen cooperation with Romania in the economic, trade and technological fields.

The recent years have witnessed a considerable growth in trade between the two countries. Under the three agreements signed during Ceaususcu's visit to Beijing last October, the total volume of trade turnover for 1986-90 will rise to 14 billion Swiss Francs.

Zhao said the primary task for the two countries at present is to make joint efforts to fulfill this goal in bilateral trade.

Ceausescu pointed out that the potential for expanding economic, trade and technological cooperation is very great and the important thing to do is to improve the quality of products. He called for the establishment of direct links between enterprises of the two countries.

The Chinese Foreign Ministry official said the two leaders are satisfied with what he called the excellent relations between their two countries in various fields. They were also said to have studied some specific measures proposed for increased cooperation. They were seen walking on the lawn in front of the house, having a tete-a-tete for about ten minutes before their chief aides joined them in the official talks. At the end of talks, Ceausescu accompanied the Chinese premier on a boat trip on the picturesque lake. Then he invited the Chinese guest to a luncheon.

Zhao, who arrived in Romania on July 2 for a five-day official visit, held his first round of talks with Ceausescu last Thursday.

Tours Dolj Area Plants

OW050020 Beijing XINHUA in English 2358 GMT 4 Jul 86

[Text[Craiova, July 4 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang today was taken to see some of Romania's outstanding achievements in economic development through a tour of Dolj County, some 100 kilometers west of Bucharest.

Impressive to the Chinese leader is the success of the Isalnita glasshouse, a 204-hectare farm in the suburbs of Craiova, the county seat, which grows vegetables and fruits, mostly for export to other European countries. He showed keen interest in the management of the farm while walking some distance in the cucumber and tomato fields. When told that by using the heat discharged from a power plant not far away for vegetable growing all the year round the farm is able to save half the energy cost, the premier said, "what we have seen here today is inspiring indeed. After returning home, we should also study how to make good use of the unused heat from power plants." He asked the farm manager to pass on the experience and techniques to Chinese exports when they come here sometime in the near future.

He also visited the "Electroputere" plant in Craiova, Romania's largest manufacturer of electrical and diesel locomotives. China is one of the plant's customers. At the end of the visit, the premier said that he though it necessary to give an enterprise some freedom to decide on the use of foreign exchange it earns for the country through export of its products.

Communique Issued on Relations

OW061024 Beijing XINHUA in English 1005 GMT 6 Jul 86

[Text] Bucharest, July 6 (XINHUA) -- China and Romania today pledged determined efforts to strengthen their friendly and cooperative relations in all fields.

This was stated in a press communique issued here at the end of a five-day official goodwill visit by Chinese Premier Zhao Ziyang. During his stay in Romania, the Chinese premier, who is also member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met twice with Nicolae Ceausescu, general secretary of the Romanian Communist Party and president of the Socialist Republic of Romania, and held official talks with his Romanian counterpart Constantin Dascalescu.

The communique indicates that both parties are satisfied with the smooth development of the traditional ties of close friendship, cooperation and unity between the Chinese and Romanian parties, the two countries and peoples. This relationship is based on the principles of full respect for national independence and sovereignty, complete equality of rights, non-interference in each other's internal affairs and comradely assistance of mutual benefit, it points out.

On international affairs, which were the main topic in Zhao's talks with Ceausescu, the two countries shared "identical or very similar" views on major current world issues, says the communique.

Both China and Romania are concerned about the tension emerging in the international life, and agree that the continuation of arms expansion and the deployment of new-type nuclear weapons in Europe will increase the danger of a new world war.

The two leaders reaffirm that their countries will continue to work with the people of other countries for an end to the arms race immediately, to bring about universal disarmament, first of all, nuclear disarmament, and to get rid of the policy that allows violation of other countries' sovereignty, interference in their internal affairs and the use or threat of force against others, the communique notes.

They draw attention to the urgency of solving the debt and other economic problems facing the developing countries, eliminating underdevelopment and establishing a new international economic order based on full equality and fairness between states.

The communique stresses that China and Romania call for participation of small and medium-sized, non-aligned and developing countries in the international life and a bigger role by them in the settlement of major international issues. They hope that the summit of non-aligned countries to be held in Zimbabawe later this year will help reinforce their unity and their weight in the search for solutions to the complicated problems of the world.

The talks between the Chinese and Romanian premiers, the communique continues, centered on bilateral trade and economic issues. They asked the economic departments of both countries to tap potentials, study new ways and means for a stable increase in trade and economic cooperation on a long-term and mutually beneficial basis.

Premier Zhao, on behalf of the Chinese Communist Party General Secretary Hu Yaobang and Chairman Li Xiannian and his own name, invited Ceausescu to visit China again. He also invited Premier Dascalescu to pay an official visit to Beijing. The communique says the invitations have been accepted with pleasure.

Leaves Romania for Yugoslavia

OW060732 Beijing XINHUA in English 0717 GMT 6 Jul 86

[Text] Bucharest, July 6 (XINHUA) -- Chinese Premier Zhao Ziyang left here by special plane for Yugoslavia this morning after his successful five-day official good-will visit to Romania.

Premier Zhao, who is also member of the Standing Committee of the Political Bureau of the Central Committee of the Chinese Communist Party, was seen off at the airport by Constantin Dascalescu, Romanian Premier and member of the Executive Political Committee of the Romanian Communist Party's Central Committee.

Arrives in Belgrade

OW060820 Beijing XINHUA in English 0813 GMT 6 Jul 86

[Text] Belgrade, July 6 (XINHUA) -- Chinese Premier Zhao Ziyang arrived here this morning to start his four-day official friendly visit to Yugoslavia.

Premier Zhao and his party were warmly welcomed at the Belgrade airport by Yugoslav Federal Executive Council President Branko Mikulic and other high-ranking officials.

In a written statement at the airport on his arrival, the Chinese premier said that Sino-Yugoslav friendly cooperative relations have been developing smoothly in recent years. Both countries have expanded cooperation in politics, economy, science and culture and strengthened cooperation in international affairs. Zhao stressed that the Chinese Government has attached great importance to the bilateral friendly cooperative relations based on the principles of independence, equality and non-interference in each other's internal affairs and will make further efforts to strengthen the ties. The Chinese premier also said that during his stay in Yugoslavia he will exchange views with Yugoslav leaders on international issues of mutual concern and on ways to further develop bilateral relations, and he will be interested in understanding the experience in Yugoslavia's socialist construction. This is Zhao's return visit to Yugoslavia at the invitation of Yugoslav Premier Branko Mikulic.

SFRY Spokesman on Zhao Visit

OW032210 Beijing XINHUA in English 1812 GMT 03 Jul 86

[Text] Belgrade, Jul;y 3 (XINHUA) -- Yugoslavia regards Chinese Premier Zhao Ziyang's upcoming visit as of particular significance, a Yugoslav Foreign Ministry Spokesman said today.

In an interview with the Yugoslav News Agency TANJUG, Spokesman Aleksandar Stanic said the Chinese Premier's visit, which begins July 6, is a continuation of the political dialogue at the highest-level between the two countries.

He added that during the visit, leaders of the two countries will exchange views on the major issues relating to the social and eocnomic development in their respective countries, and will explore new areas to promote bilateral economic cooperation.

In a complicated world situation where peace and security are threatened, the exchange of views between leaders of the two countries will be conducive to the maintenance of world peace, Stanic said.

HU YAOBANG MEETS ZAMBIAN PARTY DELEGATION

OW041400 Beijing XINHUA in English 1340 GMT 4 Jul 86

[Text] Beijing, July 4 (XINHUA) — Hu Yaobang, general secretary of the Communist Party of China (CPC), reiterated today China's unswerving support for the just struggle of the South African people for an end to the policy of radical discrimination. Hu said this at a meeting with a delegation from the Zambian United National Independence Party (ZUNIP), led by General Secretary A. G. Zulu, here this afternoon.

He said that the Chinese Government and people resolutely oppose the cruel racist rule of the South African authorities and their policy of racial discrimination.

To struggle against reactionary forces, Hu pointed out, it is best to have greater unity and as many sympathizers as possible because nothing can be accomplished with few friends.

Zulu thanked the CPC and the Chinese Government and people for their support for the national liberation movements in South Africa and Namibia. He said that the situation in South Africa is explosive and the South African authorities have failed in their attempt to control the situation.

Hu expressed satisfaction with the development of relations between the two countries. He said that the Chinese people are full of friendly feelings toward the Zambian people. "Our assistance to you is limited because what we have in mind is beyond our capability. But we'll do what we can," he added.

Zulu thanked China for its aid to Zambia and paid tribute to relations between the two countries. Hu hosted a dinner for the visitors after the meeting.

Tian Jiyun Attends Return Banquet

OW051443 Beijing XINHUA in English 1428 GMT 5 Jul 86

[Text] Beijing, July 5 (XINHUA) — A. G. Zulu, general secretary of the Zambian United National Independence Party (ZUNIP), gave a return banquet here this evening. Chinese Vice-Premier Tian Jiyun attended.

The ZUNIP delegation, led by Zulu, left here tonight at the end of its China visit.

BO YIBO MEETS CUBAN PRESS AGENCY DIRECTOR

OW050602 Beijing XINHUA in English 0554 GMT 5 Jul 86

[Text] Beijing, July 5 (XINHUA) -- Bo Yibo, vice-chairman of the Central Advisory Commission of the Chinese Communist Party, met with Pedro Margolles Villanueva, director-general of the PRENSA LATINA from Cuba, and his party here this morning.

The PRENSA LATINA singed an agreement of cooperation with the XINHUA NEWS AGENCY in 1960. The purpose of Villaneuva's current visit to China is to resume and develop its agency's friendly relations and cooperate with XINHUA and to sign a new agreement on news exchange between the two news agencies.

U.S. REPLACES COMMANDER, AMBASSADOR TO HONDURAS

OW050642 Beijing XINHUA in English 0628 GMT 5 Jul 86

[Text] Managua, July 4 (XINHUA) -- The United States has decided to change the commanding officer of its troops stationed in Honduras, according to reports from Tegucigalpa.

The reports quoted Honduran official sources as saying today that Colonel William Comee, Commander of the U.S. troops in the country, has to leave his post although he has served for only one year as head of the U.S. military contingent in Honduras.

Meanwhile, the U.S. Government announced June 30 that it will replace Ambassador John Ferch in Honduras despite the fact that he had been in the post for less than a year.

News reports also speculated that Ferch was removed because Washington was unhappy with his performance and that the former Ambassador liked neither the Hondurans nor the Nicaraguan anti-government "contras", who have a military bases in Honduras. Observers here believe that Ferch will be replaced by a diplomat more skillfully in handingling military affairs so that Honduras can play a more active role in helping the United Staes in its fight against the Sandinista government of Nicragua.

CONTRAS KILL CIVILIANS; NICARAGUA BLAMES U.S.

OW042350 Beijing XINHUA in English 2344 GMT 4 Jul 86

[Text] Managua, July 4 (XINHUA) -- Groups of "contras" yesterday attacked an inter-city bus and a passenger boat, causing death to 33 people including 12 children. The Nicaraguan Defense Ministry, in a communique published here said the passenger bus was travelling along "the Cuabocay" route when it hit a mine placed by the "contras" about 180 kms to the north of Manauga.

The raid killed 32 civilians, including 12 children and 12 women, the communique said. On the same day, another group of "contras" attacked a passenger boat with machine-gun, rifle, and RPG-7 rocket fire when it was travelling between "the Rama" and "Blufields" on the Nicaraguan Atlantic coast. One person got killed and seven wouded as a result. According to an official source, the Nicaraguan Foreign Ministry was preparing a none of protest in which it blames the U.S. Government for the death of Nicaraguan civilians in the hands of "contras." The Reagan administration's request for 100 million dollars in additional aid to the Nicaraguan rebels was approved by Congress recently.

RENMINBI EXCHANGE RATE LOWERED BY 15.8 PERCENT

OW051350 Beijing XINHUA in English 1333 GMT 5 Jul 86

[Text] Beijing, July 5 (XINHUA) — Chen Muhua, state councillor and governor of the People's Bank of China, announced here today that the exchange rate for the Chinese currency (renminbi) vis a vis foreign currencies will drop by 15.8 percent as of today.

"That is to say, 100 U.S. dollars, which used to equal 320 yuan, are now worth 370.36 yuan," she explained. The corresponding and appropriate adjustment of the exchange rate of the renminbi to currencies of other countries is a necessary and normal business step, she asserted.

Chen made these remarks at a meeting with a delegation from the International Monetary Fund (IMF) — here for annual consultations at the invitation of the People's Bank — led by IMF Asian Department Director P. Narvekar, here this afternoon.

Along with the development of China's economic restructuring and its commodity economy, Chen said that China has made domestic price adjustments. It is quite normal to adjust the exchange rate in accordance with the changes in prices on the domestic as well as the international market, she said.

Chen added that to encourage exports and balance foreign income and outlay, it is necessary to make appropriate adjustments in the exchange rate.

Chen also said that the State Council recently decided to make the People's Bank of China the sole authority in charge of borrowing from foreign countries.

The 1986 consultation between China and the IMF is being held from June 23 to July 9.

QIAO SHI ADDRESSES LAWYERS' CONGRESS 5 JULY

OW060606 Beijing XINHUA Domestic Service in Chinese 1343 GMT 5 Jul 86

[By reporter Chen Yan]

[Text] Beijing, 5 Jul (XINHUA) -- The National Congress of Lawyers, the first of its kind in China since the founding of the People's Republic, opened at the Great Hall of the People in Beijing this morning. The congress marks a new stage of development of China's lawyer system.

Comrades Ulanhu, Xi Zhongxun, Yang Shangkun, Chen Pixian, Song Renqiong, Peng Chong, Rong Yiren, Zheng Tianxiang, Yang Yichen, Kang Keqing, Qian Changzhao and Wang Guangying attended the meeting to extend their greetings. Qiao Shi, member of the Political Bureau and the Secretariat of the CPC Central Committee, vice premier of the State council, and secretary of the Central Political and Legal Commission, extended his warm greetings throughout the country on behalf of the CPC Central Committee and the State Council.

Qiao Shi said in his speech: Over the past few years, lawyers have been playing an increasingly greater role in upholding socialist democracy and the legal system; in promoting reform, opening to the outside world, and economic invigoration and construction; in protecting citizens' legal rights and interests and severely punishing serious economic and other criminals according to the law; and in publicizing the legal system, improving relations among the people, and stepping up the building of the spiritual civilization. Facts show that it is very necessary to perfect the lawyer system, build a contingent of lawyers and strengthen the work of lawyers in China. The legal system cannot be perfected without a perfect lawyer system.

Qiao Shi pointed out: Our lawyer system must be a socialist lawyer system with Chinese characteristics in conformity with our national conditions. In this respect, we do not have a model to follow, and we have to constantly probe, study and sum up experience in the course of practice, and gradually develop and perfect the lawyer system. He emphasized: This fundamental character decides that our lawyers must unconditionally place themselves under the party and state leadership, faithfully serve the fundamental interests of the party, the state and the people, and work for the development of socialist democracy, for the perfection of their socialist legal system, and for the building of socialist material and spiritual civilizations.

Qiao Shi pointed out: To uphold the four basic principles should be the basic guiding principle for the work of our lawyers. Only under this guiding principle can we ensure that our lawyers adhere to a correct political orientation in work, constantly improve the quality of lawyers politically and professionally, and enhance their ability to work for the party and the state and to serve the people.

On the relationship between lawyers and the public security and procuratorial organs and people's courts, Qiao Shi said in his speech: Our lawyer system is an organic part of the socialist legal system. Fundamentally speaking, the work of our lawyers is united with the work of public security and procuratorial organs and people's courts. Their objective is the same -- to act strictly according to the law on the basis of facts to defend the dignity of the PRC Constitution, other laws and the socialist legal system. Under this premise, they coordinate, supplement and restrict each other.

Qiao Shi said: Lawyers must be upright and honest in performing their duties, value the interests of the party, the state and the people above everything else, uphold truth and correct mistakes as soon as they occur. Lawyers should never violate the interests of the state and the collectives and the dignity of the law merely for the sake of their clients. Nor should they yield to certain persons' power and influence and fail to seek truth from facts, argue strongly on just grounds, and speak impartially to defend the legitimate rights and interests of the state, collectives and citizens.

Qiao Shi said that while certain progress has been made in the work of lawyers in China, basically speaking the lawyer system is still in its infancy and in need of universal attention and support from all quarters. He urged the party committees, governments and political and legal departments at all levels to understand fully the importance and role of the work of lawyers in the course of perfecting the socialist legal system, and attach further importance to and support the work of lawyers.

He urged them to resolutely deal with the illegal act of obstructing lawyers from performing their legal duties and even persecuting the lawyers, and to firmly protect the rights and interests of lawyers. He called on them to create the necessary working conditions for lawyers and solve the lawyers' difficulties in work and life. He also expected the lawyers in China to understand profoundly their glorious duties as the people's lawyers; love their work; painstakingly study Marxism, Mao Zedong Thought, the party's policies and the laws of the state; strive to improve their knowledge and working ability; make more outstanding achievements in work; and win further trust and respect from the whole society.

Zhou Yu, minister of justice, delivered an opening speech at the meeting, in which he pointed out that lawyers are important and indispensable to economic construction and to the development of the legal system.

Present at today's meeting were Liu Fuzhi, deputy secretary [fu shu ji 0479 2579 6068] and secretary-general [mi shu zhang 4434 2579 7022] of the Central Political and Legal Commission; Wang Hanbin, secretary-general of the NPC Standing Committee and chairman of the Legislative Affairs Commission of the NPC Standing Committee; Ruan Chongwu, minister of state security; responsible persons of the Beijing Municipal CPC Committee, the municipal government and other departments concerned; some 150 representatives of lawyers from 29 provinces, autonomous regions and municipalities; and some 80 non-voting participants from the judicial departments at all levels.

The congress received congratulatory messages from the Supreme People's Court, the Supreme People's Procuratorate, the Ministry of Public Security, and the Chinese Law Society.

HU YAOBANG, OTHER LEADERS ATTEND LEGAL SYSTEM COURSE

HK031334 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1230 GMT 3 Jul 86

[Report: "Hu Yaobang and Other High-Ranking CPC Leaders Attend Legal System Course" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 3 Jul (ZHONGGUO XINWEN SHE) -- Led by Hu Yaobang, some high-ranking CPC leaders today attended a legal system course in Zhongnanhai.

Before the course began, Hu Qili, secretary of the CPC Central Committee's Secretariat, delivered a short speech. He said: Not long ago, after hearing a report on rectifying the party style and correcting unhealthy tendencies of the Standing Committee of the Central Committee's Political Bureau, Deng Xiaoping pointed out that although rectification of party style is not a focal point, as far as the overall situation is concerned, we should pay close attention to and strengthen the legal system. It is important to solve the problem of education, and educating people is a fundamental problem.

Hu Qili said: Some leaders are not attending a course. This is one of the measures the central authorities have adopted to strengthen the legal system. He continued: By studying the legal system, the leading cadres can facilitate the popularization of legal knowledge and educate and encourage all party members to abide by the law and do things in accordance with it. In addition, this can also facilitate the four modernizations and the smooth implementation of the reforms.

Today, Hu Yaobang, Fang Yi, Tian Jiyun, Li Peng, Hu Qiaomu, Hu Qili, Yao Yilin, Chen Muhua, Chen Pixian, Hao Jianxiu, Wang Zhaoguo, and others earnestly attended the legal system class.

Sun Guohua, an associate professor at China People's University, delivered the first lecture, entitled "Marx's Theory of the Role of Law." It is reported that in principle, there will be a class each month in Zhongnanhai.

RENMIN RIBAO MARKS ANNIVERSARY OF FORMAT CHANGE

HK031226 Beijing RENMIN RIBAO in Chinese 2 Jul 86 p 1

[Article by RENMIN RIBAO Editorial Department: "Our Wish — To Readers on the Occasion of the 30th Anniversary of RENMIN RIBAO Changing Its Format"]

[Text] With the approval of the party Central Committee, RENMIN RIBAO changed its format and began to issue eight pages on 1 July 30 years ago and published an editorial entitled "To Readers," which stated clearly that "RENMIN RIBAO is a newspaper of the party and it is also a newspaper of the people" and put forward a plan for improving the newspaper. The main contents of this plan were to expand the scope of reports, initiate free discussions, and improve the style of writing. The change of format at that time was carried out after the socialist transformation of the ownership of the means of production was basically completed in our country and under a new situation in which economic construction became the focus of the work of the whole party and the whole country. It was a successful exploration in how to properly run the newspaper of a ruling proletarian party. It was considered as another greatly significant reform in the history of the party's newspapers following the change of format of JIEFANG RIBAO in Yanan in 1942, and was well received by the readers.

Today we are opening up a new situation in all aspects of socialist modernization. The waves of reform are sweeping across the country, covering economic, political, cultural, and all other fields. As a carrier of social public opinion and a means for collecting information from all quarters and playing the most powerful music of our time, newspapers are even more aware of this. In order to meet the needs of the situation of comprehensive reforms, our newspapers must also regard themselves as a component part of the entire reform — an overall, comprehensive, and dynamic social systems project. While publicizing reforms, newspapers must make corresponding reforms in their own work. The staff members and workers of this newspaper are telling readers of our wish to reform the newspaper in the hope that they will make comments and criticism.

"The party's journalism undertaking is the mouthpiece of the party. Naturally, it is also the mouthpiece of the people's government under the leadership of the party. At the same time, it is also the people's own mouthpiece." This is a complete and clear inference drawn by Comrade Hu Yaobang in his talk "On the Party's Journalism Work." He also pointed out: "The party's journalism undertaking should fully develop its role as the mouthpiece of the party. This of course includes the role of transmitting instructions from higher authorities to lower levels and making the situation at lower levels known to the higher authorities, the role of strengthening the ties between the party and the people and reflecting the demands of the people, and the role of satisfying the people's needs in obtaining information."

What Comrade Hu Yaobang said is the guide for us to do a good job in running the party's newspapers and is also an explicit summary of the main aspects of the reform in the work of newspapers. The aim of the reforms to be carried out in RENMIN RIBAO is to better manifest and display the nature and functions of a newspaper of the central organ of the party.

Reforms and opening up are rapidly changing the face of our country. As far as the work of newspapers is concerned, great changes have taken place in the situation as compared even with that several years ago. We need not compare with the situation 30 years ago. The broad masses of readers have greater needs than ever before in obtaining from the newspapers new information, new things, and new problems in various fields, as well as the views of the party Central Committee toward these new things and new problems. They have greater needs than ever before in obtaining from the newspapers new concepts, new knowledge, and new technology needed for modernization. They have greater needs than ever before in exchanging views and experience in the newspapers. They have greater needs than ever before to learn from the newspapers new things that occur in the world. At present there are thousands of domestic newspapers and periodicals, and broadcasting and television have become increasingly more popular. Under these circumstances, how RENMIN RIBAO, as a newspaper of the party's central organ, should give play to its strong points, satisfy the needs of the readers to the greatest extent, and create its own characteristics in contents and form so that the readers will find it readable, trustworthy, and intimate and really regard it as their helpful and bosom friend, is the problem which we are determined to solve in the course of exploration and reforms.

There is no ready model for reforming newspapers. It is necessary for us to explore continuously. The only way we can do so is to carry out reforms step by step. It is impossible for us to announce a certain date on which our newspaper will take on an entirely new look before the readers. We will do solid work and make unremitting efforts to make our newspaper better serve the readers, reforms, and modernization. In order to obtain help and advice from our readers, we will organize a sampling survey concerning the reform of the newspaper in order to solicit opinions extensively. We hope that readers involved in the survey will give us their support and cooperation. We hope that more readers will put forward their criticism and proposals regarding the contents, layout, printing, and delivery of the newspaper. We will improve our work based on the readers' opinions.

"Our newspaper is called RENMIN RIBAO. This means that it is the people's public weapon and public property. The masses of the people are its masters. Only by relying on the masses of the people can we run our newspaper well." This is a passage from the concluding remarks of our newspaper's editorial "To Readers" published 30 years ago. Today we want to offer it to our readers again and use it to encourage ourselves.

LIAOWANG URGES PROPAGANDA IN MARXIST CULTURAL THEORY

HK060317 Beijing XINHUA Hong Kong Service in Chinese 0151 GMT 6 Jul 86

[Text] Beijing, 6 Jul (XINHUA) — The latest edition of LIAOWANG magazine, to be published tomorrow, carries a commentator's article pointing out that while spurring the development of literature and art in China, it is very important to step up propaganda and education in Marxist theory on literature and art.

The magazine's view is based on the current state of literature and art in China. The article holds that the following is the current state of literature and art in the country: Rich and varied contemporary real life has not yet been extensively and profoundly expressed in China's literature and art works; and a normal discussion atmosphere of free airing of views and contention between a hundred schools has not yet formed in literature and art criticism. In particular, certain people have displayed certain degrees of coldness and lack of attention regarding the fiery realities of the four modernizations and the reforms; some people are enthusiastically engaged in preaching abstract individualism and social pessimism that pokes fun at everything and harbors doubts over all social progress, and they even play up people's sexual instincts in isolation, stripped of social content; certain vulgar styles are imitated in literature and art creation and performance; vulgar reading matter spread to a disastrous extent for a time, hitting hard at the healthy development of serious literature and art, and so on.

The commentator's article points out that many successes have been recorded in the development of China's literature and art in recent years, but if the situation described above fails to draw attention, the possibility remains of producing bad social effects.

The article says that neglect of propaganda and education in Marxist theory on literature and art in recent years is an important reason for the emergence of the undesirable phenomena noted above.

On stepping up propaganda and education in Marxist theory on literature and art, the article particularly emphasizes that it is essential to resolve problems of whom literature and art should serve, of the relationship between freedom of creation and social responsibility, and the relationship between literature and art creation and social life. The article says that today we should precisely serve the highest interests of our nation and people -- accomplishing socialist modernization and enhancing the masses' spiritual realm. This is determined by the socialist nature of our literature and art.

Discussing the social responsibilities of writers, the article points out that so long as writers' works enter society they will produce social benefit of various kinds. The writers cannot evade their responsibility for this. On the other hand, there is no such thing as absolute, unconditional, and abstract freedom in creation. Writers can only attain true freedom in creation on the basis of taking a correct view of social life.

WENZHAI BAO VIEWS PROBLEMS IN PROPAGANDA WORK

HK031039 Beijing WENZHAI BAO in Chinese No 324, 26 Jun 86 p 1

[Report summarized from 11 June ZHONGGUO BACKAN BAO [CHINA PRESS and PUBLICATIONS JOURNAL]: "Problems in Propaganda on Issues in Daily Life"]

[Text] According to a survey, readers hold the following opinions on the propaganda on issues in daily life: 1) The levels of consumption mentioned in the propaganda are relatively too far above the actual levels in our country.

For example, some newspapers and journals say too much about the arrangement of modern furniture, about the decoration of "nurseries," and about a piano being a "necessity" for a family. This excessively premature propaganda will lose its attraction for most of our readers. 2) The understanding of "modern life" fails to take into account all of its aspects. One practice is to restrict propaganda to readers of the urban high-income stratum. The propaganda gives the impression: It seems that one does not know modern lifestyle if one is not particular about one's food, clothes, residence, articles of daily use, and the ways in which to play. It seems that the reform of our lifestyle can take no account of our country's cultural and historical tradition and copies Western lifestyles. The other practice is that it seems that modern life is only embodied in material consumption; therefore, little is mendionted about spiritual consumption in life, even less is guidance given in this area. 3) The propaganda fails to give sufficient, correct, and convincing guidance on the problems in our lives. Some of it gives naturalist reports and narration about cases that have occurred in families and problems in sexual life. It thus lowers its taste and even yields a negative propaganda effect. Some propaganda, such as that on the issue of female "virginity" gives too much emphasis to it because it fails to eliminate feudal morality. This yields a bad effect. Some of the propaganda focuses on issues in the lives of youths and old people and fails to mention much abut the issues in the lives of middle-age people.

REMAIN RIBAO SCORES TOURING AT PUBLIC EXPENSE

HK031001 Beijing RENMIN RIBAO in Chinese 30 Jun 86 p 1

["Letter" from the office of Jinan Railway Public Security Section: "The Wind of 'Going on Tours at Public Expense' Blows Again"]

[Text] Dear Comrades,

Since the summer set in, some cadres, workers and students have been on holiday. They have gone sightseeing here and there, and this trend is becoming more common. For a time, the daily volume of tourist at Jinan and Taian railway stations amounted to as many as 16,000, accounting for more than half of these stations' gross volume of passengers. Most of them were young people who came from factories, enterprises, shops, and schools, and who went on tours at public exense.

The practice of going on tours at public expense has not only directly affected production and study, as well as intensifying the strain on railway transportation, but has also disturbed public security. On 16 April, a group of eight people, the staff of Dashiqiao hardware, chemical industry products, communicatiom, and electrial appliances shop in Zhengzhou City, including young salesman Sun Longjian, boarded the No 493 train and travelled to Taian. Since they occupied more seats than they were entitled to, they argued with other passengers on the matter. When passenger Duan Hongjiang and two other people criticized their act of occupying more seats than they were entitled to, Sun Longjian stabbed Duan to death with a hunting knife and seriously wounded the other two people. This is just one of the many incidents of this kind which have taken place on trains.

It is very necessary and correct that the central authorities have formulated regulations on banning acts of going on tours at public expense. We should resolutely ban this tendency. However, some units have not resolutely implemented the central authorities' regulations.

Some of them even continue to support this kind of activity by allowing time and providing financial support. It is hoped that all units concerned will seriously implement the central authorities' regulations on banning acts of going on tours at public expense, will adopt effective measures, and will resolutely check the unhealthy tendency of going on tours at public expense.

Commentator's Article

HK031003 Beijing RENMIN RIBAO in Chinese 30 Jun 86 p 1

[Commentator's article: "Gong on Tours at Public Expense Is Strictly Forbidden"]

[Text] Since the summer set in, some localities and units have openly violated regulations of the CPC Central Committee and State Council on banning acts of going on tours at public expense. Instead, they have opened wide the door for their workers to go on tours at public expense, thereby developing this unhealthy tendency and giving a bad impression to the masses. We must resolutely check this kind of malpractice.

The central authorities have issued repeated injunctions on banning the act of going on tours at public expense. At the end of last year, the CPC Central Committee office and the State Council office issued a circular on solving several problems concerning the work style of organs. One of the problems is the tendency in which party and government cadres go on tours at public expense. The circular also clearly stated that all meetings held by associations, societies, and research institutes must not choose their venues in tourist cities or at tourist spots. Also, nobody is allowed to go on tours at public expense following the conclusion of the meetings. Whenever a person goes on a tour at public expense with the excuse of visiting and studying, we should handle the case by following the principle that "whoever proposes the idea should be responsible for the cost" and "whoever approves it should be responsible for paying the bills." All public funds spend should be recovered. Also, corresponding disciplinary measures should be taken against the people involved in serious cases.

Over the past 6 months and more, party government organs at all levels have seriously implemented the regulations on strictly banning acts of going on tours at public expense. They have taken the lead in improving the work style and promoted a fundamental turn for the better in both party style and the general mood of society. They have therefore been praised by the masses. However, judging from the situation reported by the office of Jinan railway public security section, there are some party and government organs, particularly some grass-root units, which turn a deaf ear to the spirit of the central authorities' guidance. They stick to their old practice and offer conditions in terms of time and financial support for going on tours at public expense, so that the tendency of "going on tours at public expense" has prevailed for a long time.

The fact that the staff of state organs go on tours at public expense has not only increased state expenditure but also brought heavy burdens to some localities, particularly the tourist areas and special zones. Furthermore, it has intensified the strain on transport action, adversely affecting people's normal work and study. In some cases, it has also seriously harmed public security and social order and has corrupted the general mood of society, which is unfavorable to our current reforms and the four modernizations. Therefore, all departments and units concerned must attach great importance to the matter.

By following the principle that "whoever proposes the idea should be responsible for the cost, and whoever approves it should be responsible for paying the bills," they should resolutely ban all acts of going on tours at public expense. We should take economic measures against those who are responsible for organizing and supporting acts of going on tours at public expense. In addition, we should take disciplinary measures against those involved in serious cases.

Our country is still not a rich one. There is strain in the supply of energy resources and transport. All departments and units should try their best to operate in an economical way, and allocate limited capital to areas which are necessary in building the socialist modernizations. Party and government organs at all levels, all mass organizations, and all grass-roots units must organize cadres and the masses to seriously study the relevant regulations from the central authorities, so that everyone will fully understand the necessity and importance of the work of resolutely banning acts of going on tours at public expense; and so as to encourage the workers to continue to carry forward the spirit of struggling hard and to make contributions to building the four modernizations.

RENMIN RIBAO URGES FREEDOM IN SCIENCE, TECHNOLOGY

HK030839 Beijing RENMIN RIBAO in Chinese 28 Jun 86 p 1

[Editorial: "Give Scientific and Technological Workers a Free Hand in Carrying Out Great Plans"]

[Text] The Third National Congress of the Chinese Association for Science and Technology was successfully held. Over 2,000 representatives gathered together and discussed their great plans for invigorating scientific circles and making contributions to the four modernizations. The congress was marked by unity, democracy, and the brightness of intelligence. It was so held in such a lively manner that its atmosphere lived up to its theme: Mobilizing the scientists and technicians throughout the country and uniting them so as to contribute their wisdom to realizing the Seventh 5-Year Plan. By mastering modern science and technology, we shall add wings to the future vigorous development of the Chinese nation. Reforms of the economic structure, as well as of the scientific and technological structures, will pave the way for invigorating China's science and technology. Now is the time when the scientific and technological workers can fully display their abilities!

Following the 3d Plenary Session of the 11th CPC Central Committee, the method of "respecting knowledge and qualified personnel," which was greatly advocated by the CPC Central Committee, has become the prevailing practice. The whole society understands in great depth the significance of science and technology in the realization of the four modernizations. The major tasks faced by the scientific and technological front at present are: to spare no effort in promoting reforms in the scientific and technological structures, and to unswervingly make things serve economc construction so as to struggle for quadrupling the annual gross industrial and agricultural output value by the turn of the century. Science and technology are the important resources for building modern material civilization, as well as one of China's foundation stones for building socialist spiritual civilization. Thus, playing their riles in building the two civilizations is a glorious historical mission presently undertaken by all scientific and technological workers.

The quality of nation's science and culture reflects that nation's level of spiritual civilization. The Chinese nation is a great nation. But we cannot but realize that in our national spirit, there are still such backward elements as small-scale agricultural production thinking and other outmoded traditional concepts. They are the great enemy of our current modernizations. Also, they are the products of China's long-term feudalistic rule in the past, and they breed and develop in areas where science, technology, and productive forces are in a backward state. Spriritual force as well as material force is needed to smash the trammels of small-scale agricultural production thinking, and problems will eventually be solved by developing the productive forces. But this cannot be separated from the power of science, be it because of spiritual or material factors. The replacement of outdated thinking cannot be separated from arming our minds with scientific and technological knowledge. To popularize scientific and technological knowledge among cadres and the masses is an historical task in promoting reforms and the building of spriritual and material civilization. This task falls first on the shoulders of millions of ordinary Chinese scientists and technicians, as well as members of the Chinese Association for Science and Technology.

At the Second National Congress of the Chinese Association for Science and Technology, Comrade Hu Yaobang said: "The reason scientists can become what they are is because they strictly follow the scientific spirit, that is they seek truth from facts, make innovations, oppose acts of indulging in exaggeration, and oppose conservative acts." This is the spirit urgently needed at present in our reforms and the four modernizations. Not having a high level of development in science and technology or in their popularization is a backward state. Not having a scientific spirit is also a kind of backward state. Our scientists must focus their work on tackling tough issues and popularizing scientific and technological knowledge. They must also regard as their own work the popularization of scientific thinking. Party and government cadres at all levels must take scientists as their examples, and learn their spirit of studying science and technology so as to spread the spirit across the whole of society.

In order to fully display their abilities, scientific and technological workers need a democratic and harmonious academic environment created by the party organizations and governments at all levels. One of the keys to achieving this rests with the policy of letting a hundred schools of thought contend, which is the only correct guideline for developing science. Judging from the history of science, the development of all scientific departments is related to the contention of different views. The collision, enhancing, and merging of different academic viewpoints and thinking are the cradle of wisdom and the fertile soil for developing innovations. There are no forbidden areas in science. In the academic field, people should be free to air any point of view, criticize any point of view, and reply to criticism. This is protected by the construction. Scientific and research work must be carefully carried out, but the academic atmosphere of scientific and technological circles must be very democratic. In the area of academic contention, we should allow criticism and replies to criticism, including criticism and replies to criticism between teachers and students. It is forbidden to adopt the practice in which we resort to administrative means to suppress, discriminate against, and hit at those who hold different academic viewpoints. The contention among a hundred schools of thought needs no judge, and the practice of making the minority subordinate to the majority, or making the lower level subordinate to the upper level does not work here.

No party or government leader must intervene at will in academic disputes, still less support one academic point of view by administrative means while opposing another. As a channel for the party and government to contact and unite people with technical expertise, the Association for Science and Technology is duty-bound to help leaders at all levels implement the policy of letting a hundred schools of thought contend. Party committees and governments at all levels must learn how to rely on the organizations under the Association for Science and Technology for carrying out the relevant work.

Science and technology in comtemporary times play a more important role in the process of making decisions at various levels. Therefore, in the course of making decisions, particularly important decisions on major scientific and technological projects, economic construction and, social development, we must listen to the viewpoints of scientists. On the other hand, scientific and technological workers should actively propose ways and means by acting in the manner of being master of their own affairs.

The CPC Central Committee once clearly pointed out: "The Association for Science and Technology is an organization of scientific and technological workers. Its importance is the same as that of trade unions, CYL, women's federation, and the federation of literary and art circles. In the course of achieving our four modernizations, the work of scientific and technological circles is of particular importance." Over the years, the Association for Science and Technology has played an important role in organizing and unifying scientific and technological workers, promoting academic exchanges between China and overseas, promoting the brisk development of the work of popularizing scientific and technological knowledge, promoting the vigorous development of scientific and technological consultation services, and building the socialist spiritual and material civilizations. At present, under the new circumstances in which we are carrying out reforms and the Seventh 5-Year Plan, the party and people across the country have pinned high hopes on the Association for Science and Technology, hoping that the association will use the creative work to promote and develop science and technology, to promote the popularization of science and technology, to train and cultivate scientifically and technologically qualified personnel, and to unite all scientific and technological workers across the country. They also hope that the association will go all out, fully display its abilities, and carry out great plans!

SHANDONG COUNTY MEASURES BOOST AFFORESTATION

HK040250 Beijing RENMIN RIBAO in Chinese 30 Jun 86 p 2

[Report by Jiang Yuntao and He Changzheng: "Peasants in Shandong's Rushan County Profit From Contracting for Forestland Cultivation"]

[Text] In line with the actual conditions in the area, Shandong's Rushan County has adopted various measures to compensate peasants who contract for forestland. In this way, it has succeeded in solving the problem of contracting over 100,000 mu of barren hills and desolate beaches to peasants who refused to accept them before.

Early last year, the leaders of the Rushan County CPC Committee and government discovered that 108,000 mu of the 600,000 mu of forestland throughout the country was still unattended.

The reason was that some peasants thought it more profitable to engage in other businesses than in afforestation projects because forestry production took a long time and yielded slow returns. However hard the village authorities tried to mobilize them, they were still unwilling to contract for the forestland.

Through investigation, the county leaders discovered that Dagushan village in Dagushan township was confronted with the heavy task of planting trees on its 509 mu of hillocks in the spring of 1984. However, Lin Shutan and four other peasant households rushed to contract for the job. The reason was that, bearing the interests of the peasants in mind, the village cadres adopted a method of making economic compensation. Besides appropriately reducing the portions they should turn over to the state, the village authorities also assigned them 21 mu of cultivated land near the hills for diversified undertakings without collecting any contributions from them, because this land consituted their principal source of income in the immediate future. Last year, these households had a total income of over 4,600 yuan, averaging 920 yuan per household. Since their livelihood was guaranteed and since they had funds to purchase saplings, fertilizer, insecticides, and production tools, they were enthusiastic about tree planting. In 1 year they succeeded in digging more than 30,000 tree holes on barren hills and planted trees on more than 300 mu of land.

The practice of Dagushan village of helping forestland contractors increase their income in the immediate future and of using this income to support their long-term undertakings inspired the leaders of the country, who popularized this experience throughout the country. In the course of applying this experience, the various localities adopted different measures in light of their own conditions. They either paid the contributions of the contractors with funds from village enterprises; supplied saplings, fertilizers, and insecticide free; or assigned some cultivated land near the hills, freshwater areas, orchards, or mulberry plots so that the contractors could increase their income through diversified undertakings. Meanwhile, the village authorities also supplied technical and other services. Through implementation of these measures, the 108,000 mu of barren hills and desolate beaches were soon contracted by the peasants. Of the more than 4,800 households contracting for the cultivation of forestland, more than 50 have moved to the mountains. They were very enthusiastic about tree planting. Last year, more than 12 million trees were planted throughout the country, topping all previous records. Of this total, 3.85 million trees were planted on 108,000 mu of barren hills. In the spring of this year, half a million more trees were planted on these barren hills. While tending the trees, quite a few households made full use of the forestland to develop diversified understakings. They fed cows and sheep with grass, planted medicinal herbs in unoccupied land, or raised silkworms on the hills. Last year, 82 households had an income of more than 3,000 yuan each from forestry and diversified undertakings.

Commentator's Article

HK040306 Beijing RENMIN RIBAO in Chinese 30 Jun 86 p 2

[Commentator's article: "Supporting the Peasants in Planting Trees on Barren Hills"]

[Text] Implementing a completely relaxed policy is an essential condition for speeding the afforestation of barren hills.

It is necessary to encourage free planting on barren hills, no matter who does that or what measures are adopted. Even if it is operated by private individuals, it should not be restricted because it is also beneficial to the state and the people if the trees grow well. Naturally, relaxation of controls does not mean complete abandonment. We should not think that relaxation of controls will necessarily bring about invigoration and that invigoration will necessarily be a good thing, as if the barren hills can easily be planted with trees as soon as they are contracted or assigned to the peasants. The fact that more than 100,000 mu of barren hills in Rushan County, Shandong Province, were unattended to for a time is clear proof of this. In some localities, although private hills and responsibility for hills have been assigned to people, the hills are still barren and their outlook has not changed. This state of affairs deserves our close study.

Forestry yields long-term results. It takes a long time to attain results, and the period of capital turnover is fairly long. If we invest 10 yuan in other departments, it will probably make several turnovers in 1 year; if we invest the money in forestry, it will probably make a turnover in 1 or several decades. That is why peasants are not interested in planting trees on barren hills, which need large investments and yield slow returns. Moreover, many of the barren hills are situated in areas in which the economy has been backward for a long time and in which the peasants have not satisfactorily resolved the problem of food and clothing. How can they have the necessary financial resources to invest in barren hills? In some other places, the barren hills are poor in soil and are some distance from the peasants' houses; arrangements for saplings and technical and other services needed by the peasants are not properly made. Under such circumstances, it is no use talking about relaxation of controls without taking any corresponding measures.

Peasants should have some remuneration for investing in tree plantinga on barren hills. This is a justifiable demand and is a question that should be resolved following the relaxation of controls over barren hills. That is to say, we should adopt effective measures to support in various ways the peasants in planting trees on barren hills. This includes state support in the form of credits, allowances, etc, as well as various effectiveness methods of compensation as adopted by Rushan County in light of its actual conditions. Conditions in different places are different, and their methods are also different. The important thing is that leaders at all levels and the forestry and other relevant departments should follow the guiding idea of developing afforestation to make the people rich, show concern for the peasants in every way, and support them in planting trees on barren hills.

BEIJING PROFESSOR ON CONCEPT OF VALUE

HK020617 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0933 GMT 30 Jun 86

[Article by Guo Jiakuan, selected from ZHONGGUO QINGNIAN BAO of 27 Jun: "Reforms Require a New Concept of Value -- Interview With Professor Li Yining, Chairman of the Economic Management Department of the Beijing University"]

[Text] Professor Li had explicit economic views and clear-cut arguments on reforms.

"Failure in price reform would probably lead to failure in economic reform, but success in economic reform would not necessarily be attributed to success in price reform but to success in ownership system reform.

This is because the purpose of price reform is to create an environment suited to the development of the commodity economy, whereas ownership system reform involves the interests and responsibility of enterprises and laborers as well as the problem of stimulating the labor force. This is the fundamental thing to be resolved in economic reform. The purpose of ownership system reform is to establish enterprises assuming sole responsibility for their own profits and losses, that is, enterprises that can be held responsible for all the consequences arising from their losses. In addition, profits and losses should be symmetric. Bankruptcy of enterprises is an inevitably result of the role of the law of value in the commodity economy. For the national economy, it is a good rather than bad thing if enterprises go bankrupt due to improper management.

"The socialist economy should first be a commodity economy and then a planned commodity economy. The regulative role of the market can help achieve a balance between supply and demand, but there are limits to this role. Therefore, it is necessary for the government to regulate. However, unlike in the past, we should not think that the government can control everything. Regulation by market mechanism is necessary because the strength of the government is inadequate. The government should take account of the regulation by market mechanism while bringing its regulative role into play. Its regulative role should be scientific and highly efficient. If planned management is subjective and unscientific, we would rather not have it; and if the government's regultive role is inefficient and confusing, we would rather not have it."

"What has the development of economic reform demanded for us?"

"The most important point is a change in the concept of value. For a long time, clan mentality and egalitarianism among small producers in China plus the system of "everybody eating from the same big pot" and "everybody having an iron rice bowl" have injected many wrong ideas on the concept of value into the people, naturally, including young people. Take the concept of employment as an example. Previously, people always thought that only becoming state cadres or working in state-run enterprises could be called real employment; it seemed a little disreputable to work in collective enterprises, and running individual enterprises could not be called employment. I know that there are shops called "shops of job-awaiting youth." This is the reflection of such a concept, which is quite ridiculous. Young people should establish this mentality: So long as one relies on this labor to obtain earnings for a living, this is employment. The concept of consumption should also be changed. Consumption that does not exceed the limits of one's income, be it consumption for high-grade commodities, should not be regarded as extravagance. Practicing thrift refers to the rational use of limited resources. Take the concept of competition as another example. People have for a long time taken competition as a terrible thing of capitalism. In fact, competition is a factor promoting progress and development. The result of consumption is either the improvement of both sides or the elimination of either side. The superior will win; the inferior will lose. The great arena for socialist economic activities should be provided to newly emerging enterprises that have vitality and competitiveness. Another example is the concept of equality. Due to the obstinate influence by the concept of value on traditional Chinese culture, egalitarianism in the small-peasant economy has been regarded as equality.

Without discarding this mentality, there can be no correct concept of competition, some people will be jealous of "those who become better off ahead of others," and enterprises will engage in endless arguments about unfairness in their income. All this will finally lead to a drop in productivity and to mass poverty. Equality under the socialist commodity economy should be equality of opportunities for producers, who are the masters of production materials, and should be distribution of income according to the amount of work under the condition of the current level of the productive forces. Now, the bankruptcy of enterprises and labor employment system reform have been put on the agenda. If the concept of value remains unchanged, it will be pounded by the waves of reforms, and we will not be able to make correct judgments on economic activities.

"The nucleus of the concept of value on traditional Eastern culture is clam mentality and egalitarianism of small producers, whereas the nucleus of the concept of value of modern Western culture is individualism. These two are contradictory to each other. We will not take our choice among the two but will explore and seek a new concept of value suited to socialist theories and principles. This new concept of value should embody the following four principles: 1) Correctly handling the relationship between the long-term and immediate interests of laborers; 2) correctly handling the relationship between interests of a small number of laborers and the entire laborers; 3) correctly handling the relationship between individual creative spirit and collective will; and 4) being able to keep pace with new situations brought about by commodity economy and market competitions. In this sense, the change in the concept of value is a revolution more profound than economic structural reform."

Before I left, Professor Li added, half jokingly: "Some of my viewpoints may be 'heterodox.' But these are the results of my long-term study of China's economic reform. Only through contention, can economics strive. Am I right?"

RENMIN RIBAO ON MARKET OF MEANS OF PRODUCTION

HK020801 Beijing RENMIN RIBAO in Chinese 23 Jun 86 p 5

[Article by Li Kaixin: "Probing the Issue of Developing the Market of the Means of Production"]

[Text] In the "Report on the Seventh 5-Year Plan," Premier Zhao Ziyang pointed out: During the Seventh 5-Year Period, the main contents of the reform of the economic structure consist of three aspects, one of which is to further develop the socialist commodity market and gradually perfect the market system. This requires we not only continue to expand the market of consumer goods but also gradually reduce the variety and number of the means of production under the state unified distribution and allocation, and continuously expand the market of the means of production. To develop the market of the means of production has become the major task of the reform of the structure of the material and equipment administration. How is the actual situation in the development of the market of the means of production? What problems should be solved in order to further develop the market of the means of production? This article will probe these questions.

How To Look at the Development of the Market of the Means of Production

To maintain a good balance between supply and demand is of vital importance to the development of a planned market of the means of production and the perfection of the market system.

If the supply of various kinds of materials always falls short of demand or there is always a short supply of goods, it will be difficult to build a really open and unified market of the means of production. The open and unified market mentioned here should be a market in which the goods in circulation are not distributed by the administrative departments but are freely traded; that is, a market free from administrative compartmentaliation.

Since last year, the state has adopted a series of forceful measures in order to resolve the problem of the total social demand exceeding the total social supply; the open market of some important goods has gradually developed. However, at present, the total social demand still exceeds the total social supply and the supply of many goods still falls short of the demand. This situation has affected the development of the market of the means of production. In order to prevent huge economic losses and extensive social repercussions, it is quite correct to adopt the method of gradually easing up the contradictions and fulfilling the task of realizing the overall balance between supply and demand within this year and next year. Therefore, all sides should make concerted efforts, strengthen and improve the Macroeconomic control, try to realize the total balance between the supply and demand of various important goods, and create a good environment for the development of the market of the means of production.

Generally speaking, the total social balance between supply and demand determines the balance between various kinds of goods. However, because of a large variety of means of production and because of the situation concerning the supply and demand of different means of production in different, when the total social demand still exceeds the total social supply as far as some important materials and equipment are concerned, to adopt the method of broadening sources of income and reducing expenditure will also probably help to realize the balance between supply and demand and benefit the market development. Here, I will discuss the situation regarding the market of timber, the market of coal, and the market of steel products respectively.

Before 1980, there was more demand for timber than for any other good in our country. Since 1981, through increasing import, stressing the sparing use of substitutes, carrying out comprehensive utilization, properly relaxing the policy towards forest regions of selling one's products through one's own channels, readjusting and relaxing control on timber prices (raising the prices of timber under the state unified distribution scheme and relaxing control on the prices of timber outside the state unified distribution scheme), and properly arranging the resources put into the market, the timber market has remained relatively stable. Even in 1984 and 1985, when the total social demand got out of control, there were no big fluctuations in the timber market. Timber prices remained basically stable. Customers could buy timber at the market price at any time and could choose the kind of timber they wanted. Because this type of open market has existed for several years, the role of market mechanism has gradually been brought into play so that the structure of social stock has gradually been rationalized. In 1985, the stock volume of the production units, the capital construction units, and the supply institutions decreased while the stock volume of the production units, capital construction units, and supply institutions in the total social stock volume dropped from 54.9 percent o 50.8 percent while the proportion of the stock volume of the goods and markets departments in the total social stock volume increased from 22.2 percent to 24.9 percent in December 1985.

This situation was extremely conducive to invigorating the circulation of timber, guaranteeing the supply, and stabilizing the market.

Before 1983, there had been a short supply of coal in our country. Over the past 2 years, we have readjusted the prices of coal under the state unified distribution scheme; implemented the contract system covering output, profits, losses; and investment in coalmines under the state unified distribution system; raised the prices and put negotiated prices on the above-quota coal in different proportions; relaxed control on the prices of coal produced by local mines; raised the transportation fees; properly arranged the planned railroad transportation and raised the prices of the railroad transportation outside the plan; made appropriate arrangements for highway transportation; and increased the coal production and can transportation volume. As a result, we have achieved marked results in economizing on coal. Since the second half of 1984, the coal supply to the coal-consuming areas has been greatly relaxed and the market coal prices have dropped so that the consumers now have more choices in choosing the variety and quality of coal as well as the coal-supplying areas. This is conducive to improving the product quality of the coalmines, improving the services of the coal operators, and rationalizing the flow of coal.

As far as steel products are concerned, in 1984 and 1985 when the macroscopic control of the national economy got out of control, there was a growing demand for steel products and the prices of the steel products rocketed, so it was really difficult for us to form an open market at that time. Now the situation is different. Because the macroeconomic control measures adopted by the state have achieved good results, the growing demand for steel products has been controlled. Under such circumstances, is it possible for us to try to open up an open and unified market for steel products as we have done for timber and coal? I think that it is possible if we have correct guidance, and we should try our best to do it. The rise of the prices of steel products for construction use stopped in the second half of last year, and the prices began to drop. Taking wire rod for example, although the situation differs from region to region, as far as the whole country is concerned, generally speaking, the price per on of wire road has dropped from 1,900 yuan in May and June of last year to 1,600 yuan at present. Presently, some of the steel products for production use are still in short supply, and the rise of prices of these steel products has not yet completely stopped. The easing up of the supply of steel products for construction use will push forward with the readjustment of the variety of imported steel products for production use and the variety of imported steel products so as to increase the supply of steel products for production use. Along with the continued improvement of the state's macroeconomic administration, it is hoped that the entire situation regarding the supply of steel products will be improved. However, at present, the prices of steel products are still very high. This situation is determined by the current relationship between supply and demand. If we cannot realize the balance between supply and demand by reducing demand and increasing supply, we should recognize the current market prices, the material and equipment enterprises should activity carry out the buying and selling activities according to the market prices at this level, and the steel products put into the market by the state should also be sold at this price.

Temporarily maintaining the "high prices" that have emerged in the market will be conducive to stimulating production, restricting consumption, and maintaining balance. Along with the further reduction of demand and further increase of supply, the excessively high prices of steel products will naturally drop. If we are able to form an open market for steel products, we will be able to promote the rational utilization of the social stock of steel products so that the problem which has failed to be resolved through administrative methods will probably be resolved through market mechanism. According to the latest statistics, by the end of March of this year, the total social stock of steel products reached 25.8 million tons, an increase of 4.02 million tons compared with that in the corresponding period of last year. There is great potential here. If we have a market in which steel products can be bought and sold at any time, the prices of steel products are relatively stable, customers can sell steel products they do not use for the time being, and the market prices will gradually drop, customers will certainly be encouraged to reduce their stock so that the supply of steel products will increase.

The market of steel products involves a lot of fields and has a great influence on the national economy, so all sides are very concerned about the market of steel products. If we can open up a new prospect in the development of the market of steel products, we will greatly push forward with the development of the entire market of the means of production.

We should strengthen our guidance over various other materials and goods according to their respective situations and continue to perfect the open markets that have already been formed. We should also create conditions to form open markets for materials and goods that do not have open markets, and try to establish open markets for these materials and goods as soon as possible. The experiences we have gained in the development of the timber market and coal market can be referred to in this respect.

To Correctly Implement the "Double-Track" Prices

The key to the development of the market of the means of production lies in smoothing out the prices of the means of production. In 1985, we relaxed the prices of the means of production outside the planned distribution and allocation and implemented the "double-track" price system, which allowed the coexistence of both the prices set according to the state plan and those outside the plan, which was not only an important experiment in our price reform but also a major step forward in our development of the market of the means of production, thus greatly pushing forward development of the market of the means of production. Relaxation of the prices of the means of production outside the plan has stimulated the production of the means of production to a certain degree and increased the production and supply of the materials whose demand exceeds supply. However, at that time, because the state's macroeconomic control went out of control, the prices of some important materials and goods skyrocketed, and we also lacked some specific measures of market control and price control, there once existed a temporary disorder. Recently, the leading comrade of the State Council explicitly pointed out that it is imperative to stick to the "double-track" prices. We should implement the state-set prices for the materials distributed according to the mandatory state plan and the state-guidance prices for the important materials allowed for the enterprises to sell by themselves. We must strictly implement these two principles in our price administration.

On what basis do we set the guidance prices? I think that guidance prices should be set according to the situation of supply and demand. Specifically speaking, guidance prices should be set according to the actual market prices and the changes that will probably take place in supply and demand in the future. When setting guidance prices, we should pay attention to gradually lowering the excessively high prices through state guidance, and should not set the prices too low as a result of our own subjective desire and ignorance of the actual situation. For example, we once rigidly laid down such a rule that the prices of steel products sold by enterprises through their own channels should not exceed the prices of the steel products under the state distribution and allocation by 20 percent. As a result, the rule not only failed to work but also produced disastrous results. It finally had to be abolished. The state guidance prices should not be unalterable, but should be readjusted at any time according to the situation of supply and demand in the market and the needs for guiding production and consumption.

Who should be responsible for the formulation and readjustment of the state guidance prices? I agree to publicizing the method of some cities in which the price department, the material and goods department, the adminstrative department of industry and commerce, and some other relevant units organize small groups to take responsibility for formulating and readjusting state guidance prices. The relevant units at the provincial and central levels should also form small groups to give guidance and carry out administration.

Shijiazhuang City has implemented the method of setting the same prices for materials both under ths State plan and outside the state plan. This has great significance in overcoming the maladies of the "double-track" prices and invigorating circulation. While implementing the method, we should pay attention to be resolving the problems of price disparities and hot holding too many funds of the customers. Shashi City and Hangzhou City's recent experiences in realizing the balance of price disparities within 1 day should be studied and publicized.

Implementation of the "double-track" prices is the necessary transition in the overall reform of the structure of the prices of the means of production. We must practically solve the problem of the disparity of the prices of the means of production and overcome the maladies of the "double-track" prices. We should in a planned way greatly readjust the state-set prices of materials and goods under the state distribution and allocation plan so as to narrow the gap between the two kinds of prices of the means of production in the "double-track" price system.

To Strengthen Administration of the Market of the Means of Production

In order to strengthen administration of the market of the means of production, we need to study and solve some existing problems.

1. The question concerning the right for the wholesale and management of the important means of production. The State Council has already issued clear-cut instructions that the wholesale of all greatly-needed and durable consumer goods and important means of production should be strictly controlled by the state commerce, the state material and goods department, and the state production enterprises. This State Council instruction must be implemented to the letter.

Over the past 2 years, the situation of reselling the means of production at a profit has become very serious, which has been closely linked with the fact that some units and individuals have acquired the "legal" management right which they should not have had. Sice we are now checking up and rectifying the companies, it is necessary for us to make specific regulations concerning the whole sale right and the management right.

2. The question of how the material and goods department should really play the role of handling, coordinating, and controlling prices in the process of the development of the market of the means of production. The proposal put forward by the CPC Central Committee on formulating the Seventh 5-Year Plan pointed out: "The industrial and commercial enterprises, the material supply and marketing departments, and the supply and marketing cooperatives under the ownership by the whole people must master the necessary material and economic methods, actively take part in market coordination, and play the role of handling, coordinating, and controlling prices. This is the necessary condition guaranteeing the smooth progress of the price reform and an important characteristic of the planned commodity economy." Obviously, on the market of the means of production, the main responsibility of handling, coordinating, and controlling prices is assumed by the material and goods department. However, restricted by the methods, in fact, the material enterprises have not been able to fully play the role of handling, coordianting, and controlling prices. On the contrary, in order to protect their own "economic interests," sometimes, the material enterprises even play a counter coordination role on the market. Solving this problem will be of vital importance to the normal development of the market of the means of production. In order to solve this problem, we should make relevant policies, charge the material departments with responsibilities, and provide them with the necessary economic methods.

3. To strengthen the guidance and support to the material trading centers. The material trading centers are different from the ordinary material companies, supply stations, retail departments, and so on. The material trading centers should be the legal spots where the production enterprises, material enterprises, and customers talk about big business and make big business deals concerning materials. The material trading centers are also the important organizational form of the state administration of the market of the means of production. At present, since the material trading centers are expanding rapidly in number, we need to make a unified plan to unify our understanding and strengthen our guidance. In order to promote development of the trading centers, the state should stipulate that the important means of production that the enterprises are allowed to sell through their own channels should be sold in the material trading centers, which will not only help to maintain the decision-making power of the enterprises but also make things convenient for the state to exercise supervision and administration over the enterprises' selling the important means of production through their own channels. The state should also stipulate that materials put onto the market by the state should be sold in public at the market prices in the trading centers so as to prevent the materials put onto the market from being brought into distribution again and ensure that the materials are really put onto the market. Only in this way can we coordinate the supply and demand on the market and control the prices.

4. To strengthen the exchange and administration of information about the market of the means of production.

At present, the material departments, production departments, and information units have begun to pay attention to market information so that the information exchanges have obviously been increased. This situation has had a positive impact on guiding the production and consumption and developing the market of the means of production. So, this situation is good. Therefore, the material departments should strengthen the administration and guidance on the information exchanges, especially the publicly published information, while continuing to carry out the exchange of information about the market of the means of production. The information exchanged must be accurate and timely and must help to guide and stabilize the market. The work of strengthening the exchange and administration of the information about the market of the means of production is new, so we need to conscientiously explore and sum up experiences in our actual work and try to raise the standard of our information work.

LEADERS ADDRESS ADVISORY COMMISSIONS CADRES

OW060528 Beijing XINHUA Domestic Service in Chinese 1310 GMT 5 Jul 86

[By RENMIN RIBAO reporter Wu Xuelin and XINHUA reporter Zhan Xiang]

[Excerpts] Beijing, 5 Jul (XINHUA) -- Participants in a forum of chairmen of all provincial, municipal, and autonomous regional advisory commissions -- convened by the Central Advisory Commission -- pledged to do everything they can to help newly promoted cadres.

The meeting was held at Zhongnanhai in Beijing from 30 June through 4 July. Wang Zhen, vice chairman of the Central Advisory Commission, presided over the meeting, which was attended by members of the commission's Standing Committee, leaders of 29 such commissions at the provincial, municipal, and autonomous regional levels and advisory commissions in 6 cities -- namely Guangzhou, Nanjing, Wuhan, Chongqing, Xian, and Shenyang -- and officials from the CPC Committee of Special Organizations under the Central Advisory Commission.

Bo Yibo, vice chairman of the Central Advisory Commission, made an important speech concerning the work of advisory commissions at the meeting. He set three demands: First, actively support newly promoted officials; second, step up the study of theory and policies and attach great importance to investigations; and third, make proper arrangements for the life of advisory commission members in their late years and show concern for the work of retired cadres. Participants agreed that these demands are practical, and they pledged to further improve the work of advisory commissions.

During the 5-day forum, veteran cadres freely aired their views.

Song Renqiong, vice chairman of the Central Advisory Commission, made a summing-up speech at the closing of the forum. He said that the forum was successful, and that participants achieved good results in exchanging work experience. He also set the major guidelines concerning the strengthening of leadership by party committees over advisory commissions, the work of advisory commissions, and improvement of their organization and coordination.

LIANG BUTING INSPECTS LIAOCHENG AREA IN SHANDONG

SK020312 Jinan Shandong Provincial Service in Mandarin 2200 GMT 1 Jul 86

[Text] From 27 to 30 June. Liang Buting, secretary of the provincial CPC Committee, made an inspection tour in Liaocheng Prefecture. During his tour, he urged Liaocheng Prefecture to enliven its economy and pointed out that the key to invigorating the economy lies in successfully bringing into play the strong point of local areas, basing its work on developing the first industry, making all-out efforts to develop the second and tertiary industries in rural areas, and carrying out in-depth processing of the farm and sideline products. Efforts should be made to concentrate on increasing the processed-output value at all levels and among every industry and trade and on increasing economic results as well.

During his tour, Comrade Liang Buting heard the report given by the responsible comrade of the Liaocheng Prefectural CPC Committee and inspected a number of plants and enterprises and the enterprises run by villages and jointly run by households. He also inspected the forestry production situation in Guan County and held a forum with the cadres from (Liucun) village and the grass-roots level units in the county.

At the forum he delivered a speech on dealing with the problems concerned, in which he pointed out that the work done by Liaocheng Prefecture was good and the prefecture's overall arrangement for economic development and its guiding ideology of economic work were clear and definite. We hope that efforts should be made to grasp the arrangement and guiding ideology in every link. In his speech Comrade Liang Buting pointed out: The four prefectures in northwestern Shandong are in the same category. As for the issue of how to accelerate the pace of developing these prefecures, the provincial CPC Committee will convene an on-the-spot administrative meeting in the latter half of this year in line with the data collected through investigation and studies. Attention will be paid to studying the characteristics and strong point of Liaocheng Prefecture which is endowed with the large land and the abundant water source of the Huang He. The output of its farm and sideline products has occupied an important position in the province.

Cotton production is the strong point of the prefecture; therefore, it should make all-out efforts to carry out in-depth processing of the cotton and cotton by-products. First of all, the prefecture should increase undertakings of grain, cotton, oil-bearing seeds, vegetables, forestry, fruits, fishery, and animal husbandry so we can provide plenty raw materials for the processing industries. Now, many peasants have directly sold their raw materials that have yielded low economic returns and never been able to meet the need of consumers. Thus, efforts should be made to encourage peasants to develop their production structure with single sale outlet into one with multiple sale outlets and to vigorously carry out the in-depth processing of farm and sideline products. The processing in this regard should be geared to the need of urban areas and markets so as to unclog the channel of circulation and to promote the integration between urban and rural areas.

Attends Party Members Forum

SK010413 Jinan Shandong Provincial Service in Mandarin 2200 GMT 30 Jun 86

[Text] On the eve of 1 July, Liang Buting, secretary of the provincial CPC Committee, held a forum of some veteran party members and cadres and the responsible comrades of the Liaocheng Prefectural CPC Committee and its administrative office in Liaocheng to mark the birthday of the party.

In the forum, Comrade Liang Buting said: During my visit here, I have heard some reports and visited some localities and units. Generally, I feel that the situation in Liaocheng is excellent and the work achievements are great. Liaocheng is an old revolutionary base with a comparatively great number of veteran party members and cadres. Some of them are working in other provinces and in the central organs. This is an honor for Liaocheng Prefecture. Our party has many glorious traditions. We should keep and promote these traditions.

Comrade Liang Buting pointed out: Comrades working on the first line should respect veteran comrades. Respecting veteran comrades means respecting traditions, history, and experiences. Those veteran comrades who have retreated to the second and third lines should defend the comrades working on the first line. Defending comrades working on the first line means safeguarding the overall situation, stability, and unity. Both the new and veteran comrades should work as one, trust one another, and exert concerted efforts to do their work well.

LIANG BUTING ATTENDS FILM RECEPTION ON PARTY'S FOUNDING

SK010542 Jinan Shandong Provincial Service in Mandarin 2200 GMT 30 Jun 86

[Text] In a speech given at a film reception sponsored by Dezhou Prefecture and Dezhou City to celebrate the 65th party founding anniversary, Liang Buting pointed out: Among the party members and cadres, we should promote the practice of giving consideration to the overall situation, paying attention to unity, and observing discipline while developing a political atmosphere of harmony, relaxation, mutual understanding, and friendship in the course of handling the relations in and outside the party and in various fields in an effort to mobilize all positive factors and to concentrate energies on advancing the four modernizations drive.

On the evening of 30 June, the Dezhou prefectural and city party, government, and Army organs held a film reception to celebrate the 65th party founding anniversary. Comrade Liang Buting, secretary of the provincial CPC Committee, who was on an inspection tour to Dezhou Prefecture to give work guidance, attended the film reception and cordially met and talked with the responsible comrades of the Dezhou Prefectural and Dezhou City party, government, and Army organs, and the party members and cadres of organs.

On behalf of the provincial CPC Committee, he first extended festive greetings to the party organizations at all levels and to all party members and cadres in Dezhou Prefecture. He then gave a summary of the difficulties and setbacks of the party and its great success in winning over enemies in and outside the country and the party, particularly the great success in restoring order out of chaos and the tradition of seeking truth from facts since the smashing of the gang of four and the 3d Plenary Session of the 11th CPC Central Committee, in conscientiously implementing policies and fruitfully solving the leftover major historical problems, and in implementing the party's policies on reform, opening to the outside world, and invigorating the economy. He said: At present, we have favorable conditions. We are now encountering a new situation and new tasks. The township-level party rectification has concluded and the village-level party rectification is about to begin. We should set forth new demands on the party construction and the party life.

He expressed hope that the party organizations at all levels will act in line with the new demands and achieve new success.

LIANG BUTING WRITES PREFACE TO PARTY HISTORY BOOK

SK010443 Jinan Shandong Provincial Service in Mandarin 2200 GMT 30 Jun 86

[Report on the preface written by Liang Buting, secretary of the provincial CPC Committee, to the book chronicling events of the provincial CPC history entitled "A Most Significant Gift"]

[Text] On the occasion of the 65th anniversary of the CPC's founding, the book chronicling events of the Shandong Provincial CPC history has been formally published. This is a most significant gift presented on the occasion of the party's birthday by the broad masses of party members and the people throughout the province. The book records in broad outline the outstanding achievements of the revolutionary struggle during various periods between the founding of the CPC and the founding of the PRC by the party organizations in Shandong Province. The book also records the fighting style and features displayed by the Communist Party members in Shandong Province, who have advanced wave upon wave, unafraid of sacrifice, and have been heroic in making progress.

The publication of the book represents joy in the political life of the party organizations and the people throughout the province. Over several decades, the party organizations and the broad masses of party members have scored heroic, moving, tragic, and glorious achievements by leading masses to wage arduous and brave struggles, and have authored a stirring chapter of the party history. During the long years of revolutionary struggles, the party organizations and the people throughout Shandong Province have made marked contributions and great sacrifices. A large number of outstanding Communist Party members and people with lofty ideals died on the battlefields and many sons and daughters of the Chinese people fell under the enemies' sword. According to incomplete statistics, the number of martyrs whose names have been enlisted into the provincial party history reaches more than 220,000 and the number of nameless martyrs is uncountable. Those revolutionary martyrs long engaged in underground activities and their blood and corpses have enriched the fertile land of Shandong. Those martyrs, whether they have been enlisted into the provincial party history or not, are the heroes and elite of the party and the Chinese nationality. The spirit they have displayed will last forever and their names and achievements will be engraved on the bones and etched in the hearts of this and coming generations, and will be remembered by us forever.

Compiling the party history by following the principle of seeking truth from facts has a wider and more far-reaching significance. The chronicle of events is the skeleton and orderly and systematic arrangement of the provincial party history; the precious property of socialist spiritual civilization; and the teaching materials of education in the revolutionary tradition, worthy to be read by party and government cadres and the broad masses of party members, by the vast number of the people, and even by juveniles. Reading the chronicle of events, we may obtain knowledge from it and draw lessons from it so as to inherit and develop the glorious tradition created by revolutionaries of the older generation, to work or study hard under the new circumstance with the drive to conduct reforms and the policy of opening to the outside world, and to pioneer wider roads of advancement to strive to develop economic undertakings in the province and fulfill the party's general target and tasks.

The book chronicling events of the provincial party history, which will soon be published, consists of more than 200,000 words.

HENAN SECRETARY LEADS DELEGATION TO SHANGHAI

OW010344 Shanghai City Service in Mandarin 0000 GMT 29 Jun 86

[Text] The Henan provincial study-observation delegation to Jiangsu, Zhejiang, and Shanghai, led by Yang Xizong, secretary of the Henan Provincial CPC Committee, and Hu Tiyun, vice governor of Henan, arrived in Shanghai yesterday morning.

Jiang Zemin, mayor of Shanghai; Huang Ju, deputy secretary of the Shanghai Municipal CPC Committee; Hu Lijiao, chairman of the Standing Committee of the Shanghai Municipal Peoples Congress; and Li Zhaoji, vice mayor of Shanghai, met and had cordial talks with the delegation.

Yang Xizong, secretary of the Henan Provincial CPC Committee, said: While in Shanghai, the Henan provincial study-observation delegation chiefly wishes to learn from Shanghai's economic restructure, urban economic management, and experience in economic construction and to strengthen the lateral economic ties between Henan and Shanghai.

Mayor Jiang Zemin warmly welcomed the delegation's arrival in Shanghai and expressed the wish that Secretary Yang Xizong tell generously about his experience in managing the province and cities.

The Henan delegation will visit some large construction projects here and hold pertinent talks with Shanghai's departments concerned.

SHANGHAI STATE-OWNED ENTERPRISES TO EXPAND

OW231556 Beijing XINHUA in English 1420 GMT 23 Jun 86

[Text] Shanghai, June 23 (XINHUA) -- State-owned enterprises in Shanghai, China's largest industrial city, will expand their production in the next five years by improving their economic results and accumulating funds for technical transformation rather than by depending on state investment.

The Shanghai No 5 iron and steel plant, one of the 90 enterprises with annual output value exceeding 100 million yuan, plans to accumulate 400 million yuan for 20 key technical transformation items during the 1986-90 period, in order to increase its output value by 600 million yuan.

The special steel plant, among the first batch of enterprises that carried out reforms of the economic system, produced a total output value of 860 million yuan last year. During the 1981-85 period, the plant completed more than 300 technical transformation items, which brought a 19 percent increase in output value and a 76 percent increase in profit compared with the previous five years.

About 90 percent of the investment for the transformation of outdated equipment came from funds accumulated by the plant, said Hou Shuting, its director. The steel plant, like other important enterprises, lacked initiative and vigor in their development owing to the strict control of their operations by the central government.

Thanks to the reforms of the past few years, the decision-making power of enterprises has gradually been increased, and there have been initial changes in such practices as unified state purchasing and marketing, unified receiving and allocating of funds by the state and "eating out of the same big pot". These changes have served to invigorate enterprises and at the same time put more responsibilities on them.

According to Premier Zhao Ziyang's report on the country's Seventh Five-Year Plan, enterprises especially big and medium-sized ones, "should be turned into relatively independent economic entities, into socialist commodity manufacturers and dealers having full authority for management and full responsibility for their own profits and losses" in the next five years. Initial reforms that have been carried out included adopting a taxation system instead of demanding that enterprises turn over all their profits, allowing enterprises to retain more money from increased profits, delegating more decision-making power to the managers and linking the interests of the state, enterprise and individual employee together through various forms of the economic responsibility system.

"The enterprises have come to realize that the better economic results they achieve, the more profits they make and the more quickly they can expand their production," said Xia Zhenfan, an official of the city's economic management committee. However, too much control and interference from the government administration are still the main headaches for many state-owned enterprises. The No 5 iron and steel plant, for instance, produces some 1.2 million tons of steel and 500,000 tons of special steel a year, but it can only sell 6,000 tons by itself.

Measures have been taken to solve the problem. The city's shipbuilding industry has been given more autonomy in production over the past few years, including signing contracts directly with foreign companies, in light of the need to meet the competition in the international market. Managers and directors who hope that the new economic mechanism will bring vitality to their enterprises are also aware of the danger they may face. They can not turn a deaf ear to Premier Zhao's warning that enterprises which incur losses owing to mismanagement will be reshuffled or closed down by 1990. "The situation will force those responsible to pay more attention to management and economic results", said Shi Dingxiang, director of the Shanghai No 12 cotton mill. The enterprise, which has 120,000 spindles and over 1,000 looms, won last year's national management prize for its efforts to develop new products, improve their quality, reduce costs and increase profits.

SHANGHAI MAYOR ADDRESSES COMMENDATION MEETING

OW011205 Shanghai City Service in Mandarin 0000 GMT 1 Jul 86

[Excerpts] On the afternoon of 30 June, outstanding communists and representatives of advanced party branches from all fronts in Shanghai joined leaders of all municipal departments, commissions, offices, districts, counties, and bureaus and veteran comrades who had been admitted to the party before the war of resistance against Japan and tested during the course of protracted revolutionary struggle in a gathering at the (Huji) Workers Theater to commemorate the 65th founding anniversary of the CPC and commend outstanding communists and advanced party branches of the municipality.

Leading comrades of the municipal CPC Committee attending the meeting were Jiang Zemin, Huang Ju, Chen Tiedi, Sun Guizhang, Zhang Dinghong, Zeng Qinghong, Mao Jingquan, and Shi Zhusan. Huang Ju, deputy secretary of the municipal CPC Committee, presided over the meeting.

After Comrade Zhao Qizheng, deputy director of the Organization Department of the municipal CPC Committee, briefed the meeting on the process of selecting the outstanding communists and advanced party branches, he read a decision of the municipal CPC Committee conferring the title of outstanding communist on (Guo Xiaoda) and 12 other comrades, and of advanced party branch on the general party branch of the (Fuxing) special train crew under the Shanghai train station and 9 other party branches.

Jiang Zemin, deputy secretary of the Shanghai Municipal CPC Committee, made a speech at the meeting, entitled "Carry Out Reform and Exploration in the Course of Advance, Compete With One Another in Being the Vanguard of Our Times."

[Begin Jiang recording] On behalf of the Shanghai Municipal CPC Committee, I extend my warm congratulations and tribute to the outstanding communists and the representatives of the advanced party branches commended today. Thank you, comrades, for playing your exemplary role as communists in unifying and leading the masses and advancing together with them, thereby adding more glory to our party's banner and contributing to the revitalization of Shanghai and the prosperity of the motherland.

The ongoing reform is a penetrating transformation and the only way to accomplish the modernization program and reinvigorate the Chinese nation. Shanghai should be a pace-setter in urban economic structural reform. In developing Shanghai's economy, it is necessary to persistently carry out reform; this is a binding duty as well as a severe test for all communists. All communists should stand at the forefront of reform and be vanguards of reform.

In carrying out reform and exploration in the course of advance for the party's great cause, the motherland's prosperity, the people's happiness, and Shanghai's revitalization, let us compete with one another to be the vanguards of our time and lead the masses of people in winning new victories! [end recording]

The meeting closed amidst the majestic strains of the Internationale.

ZHEJIANG MILITIA PUT UNDER LOCAL GOVERNMENTS

OW011403 Hangzhou Zhejiang Provincial Service in Mandarin 0300 GMT 1 Jul 86

[Text] As of 30 June, the work of transfering People's Armed Forces departments to the jurisdiction of local governments had been completed in 89 countries, cities, and districts in Zhejiang. In the process of transfer; PLA units and local governments showed support and understanding for each other and took prompt action to solve practical problems.

Wang Fang, secretary of the provincial CPC Committee, who heads the provincial leading group of transferring People's Armed Forces departments, time and again presided at meetings to study and map out arrangements for the transfer. Local party and government leaders at various levels and departments concerned took the initiative to solve school, employment, and other problems for 352 families of People's Armed Forces department cadres.

To improve the quality of militia organizations, a total of 2.2 million yuan funds were appropriated for rebuilding or expanding office buildings dormitories, and militia armories and building supplementary facilities for militia training bases. The provincial military district, military subdistricts, and People's Armed Forces departments set strict demands in selecting cadres for People's Armed Forces departments.

XIAMEN SEZ DEVELOPS TIES WITH OTHER AREAS

OW031144 Beijing XINHUA in English 1130 GMT 3 Jul 86

[Text] Fuzhou, July 3 (XINHUA) -- Local governments and enterprises throughout China are participating in 576 joint ventures in the Special Economic Zone in the port city of Xiamen, in Fujian Province on China's coast.

The domestic investment has come as the zone continues to attract foreign investment and increase China's international trade, a local official said today.

Xiamen is one of four special economic zones set up by the Chinese Government in 1980 to attract foreign investment and import advanced technology and management as well as expand exports. Since the founding of the Special Economic Zone in 1980, 107 Sino-foreign joint ventures, co-management enterprises and entirely foreign-backed businesses have begun operations in Xiamen.

Some of the joint projects with agencies within China involve direct investment, some involve manufacturing in Xiamen of some parts of goods assembled elsewhere, and some involve agreements for sharing of technological information. The cooperation has brought managers and technicians from throughout China to the zone, helping to reduce personnel shortages.

Agreements with domestic agencies have also fueled Xiamen's construction boom. About 68 percent of the city's construction work is done by 63,000 workers who have come there from other parts of China.

The cooperation has also helped Xiamen retool its existing enterprises and has provided the port with manufactured goods and farm produce from elsewhere in China. Other parts of China have also benefited from the cooperation, the official said. For example, technicians from other provinces have learned overseas technological and market information through contacts with foreign businessmen in Xiamen. Some provinces have been able to expand exports through contacts made at the port.

LIN RUO AT GUANGDONG CPC ANNIVERSARY PARTY

HK020503 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 1 Jul 86

[Excerpts] The Organization Department and veteran cadre bureau of the provincial CPC Committee held a literature and art soiree last night to ceremoniously mark the 65th anniversary of the founding of the CPC.

At the soiree, veteran comrades of the literature and art study association of the provincial veteran cadre activity center took the stage for successive performances.

Last night, responsible comrades of the provincial CPC Committee, provincial Advisory Commission, provincial People's Congress, provincial government, and provincial CPPCC Committee, including Lin Ruo, Xie Fei, Wang Ning, Li Jianan, Xue Yan, Yang Deyuan, and Yang Yingbin, also attended.

GUANGDONG, FOREIGN INVESTMENT, TECHNOLOGY PROBLEMS DETAILED

HK011249 Guangzhou KAIFANG in Chinese No 5, 8 May 86 pp 11-13

[Article by Yang Dezhong of the provincial Foreign Economic Relations Commission: "Take Advantage of Guangdong's Strong Points, Make Effective Use of Foreign Investment -- A Discussion on Guangdong's Basic Experiences in Using Foreign Investment" -- capitalized passages published in boldface]

[Text] Between 1979 and the end of 1985, Guangdong signed over 60,000 foreign investment and technology import contracts. It actually used over $2.6 billion in foreign investment, including more than $2.5 billion in direct investment from foreign businessmen. Guangdong set up and started more than 3,000 enterprises and projects that used foreign investment. Its achievements thus rank first in China. We have gained experiences and learned lessons after years of practical work. From the province as a whole, the most fundamental experience we have gained is that we should correctly understand and take advantage of the province's strong points.

Guangdong has two strong points in using foreign investment: First, it has favorable natural and historical conditions; and second, it has policy advantages. Located next to the South China Sea, Guangdong has a mild climate and an abundant supply of agricultural products. Its industry and agriculture are considerable developed. Adjacent to Hong Kong and Macao, it is home to numerous nationals residing abroad. Also, its transport services to other parts of the province and other parts of China are convenient. It has long been an important trade port of China. Together with special and flexible measures, all these favorable natural, geographical, and historical conditions have put Guangdong's foreign economic activities in a very favorable position.

Under these circumstances, the strong points of various localities, departments, and trades therefore become the province's manifold, multilayer and diversified strong points. As they interrelate and interact with each other, these strong points share the same problems regarding weak points and they change from being one to being the other under certain conditions. In order to fully use various strong points, under the leadership of dialectical materialist ideology, we must seriously conduct in-depth and scientific research and planning. Guangdong has developed the work of using foreign investment and importing technology in an uneven way. Results vary greatly from place to place. This is a major reason for understanding, in a dialectical way, our own strong points.

In order to correctly understand the strong points, we must proceed from the overall situation. Some local strong points are good in a certain area but do not work when applied to the overall situation. Some strong points are shared by many localities. But if we exploit these local strong points, we may not help or could even hinder other localities in developing their own strong points. Therefore, we must examine and integrate local strong points with the overall strong points. Only those that will benefit the overall situation (or at least will not harm the overall situation) and localities or will not harm other localities' strong points can be taken as real strong points. If we take advantage of local strong points but disregard their influence on the overall situation, there will inevitably be harmful results. The incident of Hainan's automobile sales is a lesson for us. We must proceed from the province's and the state's overall situation and, at the same time, be sensitive to the changing world and understand the international market. Only thus can we clearly understand our real strong points.

Judging from the practical experience of the province, we must do well in the following issues in order to correctly take advantage of our strong points:

FIRST, WE MUST INTEGRATE USE WITH RESTRICTIONS AND MAKE RESTRICTIONS SERVE BETTER.

What are the grounds for such a statement?

First, to open up to the outside world, to actively use foreign investment, and to import technology are important and necessary complementary aspects of our four modernizations. History has proved that the closed-door national policy is wrong. It is also wrong for us not to pay attention to self-reliance, take everything foreign to satisfy all our needs, and tend to "buy" our modernizations by relying on foreign exchange. The experience of some developing countries has shown that this does not work. They relied on foreign investment so heavily that they eventually became debt-ridden.

Second, we should repay the foreign investment and imported technology in different ways. Our present repayment capability is not strong enough. Our province's annual gross foreign exchange revenue is only about $2 billion. Our international trade balance will be affected if our total repayment exceeds 15 percent of gross foreign exchange revenue. Moreover, it is impossible that in investment, both the Chinese and foreign parties share the same goals and views on key points. Intrinsically, the goal of a foreign party is to export its surplus capital and technology and to make use of China's material conditions (such as resources, labor, the market, and so on) for expanding its production and sales, in order to occupy a larger share of the market and earn more profits. Some of them even take this opportunity to sell us their outdated equipment. Therefore, the struggle between our "use" and "nonuse" is a long-term objective.

Third, we have a strong self-reliance capability which, in some areas is equal to or even surpasses the advanced world level in terms of production and technology. To neglect this point and satisfy all our needs by imports will, on the one hand, waste our hard-earned foreign exchange and, on the other, make inappropriate concessions to foreigners in one area or another (such as excessive preferential policies), which is the most important of the two points. This will also hinder and suppress the development of our production, science and technology.

Fourth, to import foreign investment and technology will help us develop an open-style economy, improve our science and technology and management levels, improve the industrial and product structure, increase the foreign exchange income through export expansion, create more job opportunities, invigorate the market, and so on. At the same time, however, this will bring us new problems in the areas of resources utilization, the market, export quotas, and bilateral and multilateral relations. This will also bring about some maladies of the capitalist society, which are harmful to us and will develop some instability factors in our society and political and economic structures.

Proceeding from this, to integrate the use of foreign investment with restrictions is a matter of principle which we must uphold in implementing our work. We must first import foreign investment and technology in an active yet restricted way, and make it applicable to every aspect of foreign investment work. Only thus can we exploit our strong points.

Second, we must integrate "opening up" with "supervison," and "open up" only when we "supervise" well.

In order to import foreign capital and technology in an active yet restricted way, we must first emancipate our minds, be determined in carrying out the opening up policy, streamline organization, decentralize decision-making power, implement guidance and planning, and fully mobilize initiative at all levels. At the same time, we must also strengthen our macroeconomic control and supervision and really use foreign investment well to promote even development throughout the province. Over the years, the province has made remarkable achievements in extending the limits of authority, so that the province's work in using foreign investment and importing technology has been vigorously developed, but we have also learned the following three lessons:

First, plans were made at will. Many units did not plan seriously or carry out plans or even if they did, the scale and area of foreign investment were out of control.

Second, regions and departments were separated and plans were not made in a systematic way. Most plans were made according to local interests of various cities, districts, and departments. They did not integrate with plans of the whole industry. Therefore, investment projects could not support each other or from a series of development plans for a particular trade.

Third, the decision of project examination was made one-sidedly. Facts have shown that to define the limits of authorities at various level based on investment amount is not scientific. This is because the amount only shows the scale of investment rather than the proportion of various types of investment. Therefore, it is more difficult to carry out those plans which are flexible in nature. This is one of the major reasons for excessively developing non-productive projects.

Third, we must carry out work in varied ways and focus our work on importing direct investment from overseas.

China uses foreign investment in three basic forms: The first is direct investment from overseas, including joint ventures, cooperative operations, joint development, sole proprietorship, compensation trade, processing and assembling, and so on.

The second is bank loans, including intermediate and long-term as well as medium and low interest loans granted by foreign governments and international financial institutions, free foreign exchange, various types of development funds, relief funds, and so on. The third is commercial loans. Over the years, the province has focused its work on importing direct investment from overseas, particularly in the forms of processing ans assembling, cooperative operations, and joint ventures. This is because, through the second and third methods, the foreign party can raise many restrictive terms which are unfavorable for us in using the investment or we have high costs, and because our province has many favorable conditions for absorbing direct investment.

But we should carry out specific analyses, choose the good ones, and make measures suit local conditions. Processing and assembling is an example. Our party's strong points in this form of investment are that it requires a small investment sum from us, can bring quick results, provided many job opportunities, and suits the province's actual conditions. But our weak points in this form of investment are that we have imported a lot o equipment but little advanced technology, we have a lot of labor-intensive projects but few technology-intensive ones, our imports did not help our technolcgical transformation of the whole trade, we were greatly affected by the supply of foreign businessmen's raw materials, our production became unstable, and so on.

It is worth paying close attention to the fact that last year, our processing industry with imported materials dropped for the first time in recent years. Therefore, we should widen our field of vision, especially when we judge our future key development projects such as energy resources, transport, telecommunications, and the raw materials industry. Generally speaking, these projects are weak in earning foreign exchange and there are still problems in repayment of the direct investment in these areas. Thus, we should strive to get some intermediate and long-term, and medium and low interest loans from foreign countries, or lease the equipment.

FOURTH, WE MUST INTEGRATE LINKING UP TO THE HINTERLAND, AND ALLOW SPREADING.

The province integrates the use of foreign investment with the comprehensive development of linking up with the hinterland, thereby providing favorable conditions in the areas of capital, resources, technology, markets and so on. In particular, linking up imports with the hinterland is more brisk in the special economic zones and the economically open areas along the coast. This has helped promote the economic development of the hinterland.

However, the economically open areas along the coast have just started to spread things to the interior and overseas. Not only do they have few products to export and a weak foreign exchange earning capability, but they have also "transferred" only a small amount of technology and products. One of the most important issues is that generally there is not enough importance attached to the assimilation, innovation, and transfer of the imported technology. For instance, Guangzhou since 1980 has imported equipment and technology worth over $300 million, 216 production lines, and more that 6,400 sets of major advanced equipment. But the city only assililated and made innovations on 1 percent of them. Enevitably, this becomes a serious problem.

There are many reasons for the resulting situation of paying no attention to the work. First, we did not strictly distinguish technology imports of a technological trade nature from equipment imports of a commodity trade nature. In stead, generally we took equipment imports as technology imports. Second, we purrued short-term interests and did not consider the long-term ones. Third, we did not implement our management system well. Regions and departments were separated from each other and their rights, responsibilities, and interests were inconsistent. Fourth, science and research were irrational. These departments were separated from the production ones, so that the former cared little about the advance of production technology while the latter often found their ability falling shout of their ambitions. Fifth, we lacked policies and measures which encouraged and supported the work of assimilating, making innovations, and popularizing technology. In fact, provided we attach great importance to it, there is plenty of room for us to maneuver. In August last year, Foshan City invited bids on technology. Through the meeting they held, the city solved many technological problems by relying on China's technological forces, as well as assimilated many types of imported technology and equipment. This is a sucessful example.

FIFTH, WE MUST INTEGRATE "IMPORTS" WITH "EXPORTS" AND MORE TOWARD THE WORLD.

On the one hand, we actively import foreign investment and technology, develop the province's open-style economy which is marked by integration of the interior with overseas, produce more goods for the international market, and integrate our use of foreign investment with foreign trade. While developing the productive, technology-intensive, and foreign exchange-earning projects, we should also appropriately develop projects which are for China's interior and are non-productive but are able to earn foreign exchange, can meet China's urgent needs, utilize particularly advanced technology, or can take the place of imported projects. Therefore, our province will gradually form an open-style economic structure which takes an open-style economy as its guide and core, integrates the interior with overseas, and will be marked by multilayers and diversification.

On the other hand, we must be determined and systematically export overseas capital, technology, equipment, and labor. At present the province has established over 100 enterprises overseas. We should also greatly develop various types of overseas joint ventures and solely owned enterprises and create a new situation in contracting out projects and exporting labor. We should also use foreign capital, technology, resources, and the market on a wider scope and in greater depth. We should manifest our strong points to the world, to earn more foreign exchange for the four modernizations.

HEILONGJIANG'S SUN WEIBEN ATTENDS OPENING OF MUSEUM

SK020344 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 1 Jul 86

[Execerpts] Today marks the 65th anniversary of the founding of the CPC. The Heilongjianh provincial revolutionary museum was officially established and opened to the public this morning.

Sun Weiben, secretary of the provincial CPC Committee, cut the ribbon for the Heilongjaning provincial revolutionary museum amid the popping of firecrackers. After the ribbon-cutting ceremony, provincial leading comrades, including Sun Weiben, Chen Yunlin, Huang Feng, Wang Zhao, Zhang Xiangling, Zhang Lin, Zhao Zhenhua, Li Min, and Qi Guiyuan, provincial-level retired cadres, including Zhao Dezun and Wang Yilun, and veteran soldiers of the northeast anti-Japanese joint forces, including Wang Minggui, Zhang Fengqi, (Zhu Xinyang), (Gao Chengru), (Zhao Shangpu), (Li Guilin), (Gao Yulin), (Song Renxuan), (Xing Defan) and (Dong Changyi), toured the exhibition together with the masses.

The Heilongjianh provincial revolutionary museum in Harbin covers a floor space of 3,640 square meters, including 1,978 square meters of exhibition rooms. On display at the 3 exhibition rooms opened today were 271 historical photos, 412 revolutionary relics, 180 paintings and calligraphic works of veteran cadres, and 200 paintings on the anti-Japanese joint forces painted by artist (Zhao Huasheng).

JINGJI RIBAO REPORTS SHENYANG ECONOMIC REFORMS

OW230946 Beijing XINHUA in English 0806 GMT 23 Jun 86

[Text] Beijing, June 23 (XINHUA) -- Three experiments carried out in Shenyang City, China's trial base for comprehensive reforms of the economic structure, have produced good results over the past two years, according to today's "ECONOMIC DAILY".

The first experiment was to lease some state-owned and collectively-run enterprises to individuals and collectives for better management. The reform began in the commercial and service sectors and then spread to industrial enterprises.

Some 110 such enterprises had been leased out by the end of last year, and all had achieved good results, the paper said.

According to a survey of 32 enterprises which carried out the reform earlier, their total profits made in 1985 increased 3.3 times over the previous year.

Another reform was to link an enterprise's economic results with the interests of the employees by letting workers buy shares in their own factories.

The shares are divided into three types: state shares indicating state investment, collective shares and private shares.

Under the scheme, if an enterprise achieves good economic results, workers enjoy share dividends from both collective and private shares, while state revenue is also boosted. If an enterprise incurs a loss, the workers earn no dividends, and the factory must make up the loss from future profits.

The Shenyang small compressor plant, which first tried out the shareholding scheme last June, enjoyed an increase of 26.6 percent in profits last year, compared with the previous year, the paper said.

The third experiment piloted in Shenyang involved the city's regulation of enterprise bankruptcies, which was worked out last year. Enterprises which had suffered losses for several years running would be given a worning of bankruptcy. Three enterprises were given such warnings last August. As a result, most of the city's 500 enterprises that had losses in 1985 showed good prospects of earning profits this year, the paper said.

ARTICLES VIEW PROBLEMS IN IMPLEMENTING 5-YEAR PLAN

Rises in Quotas Viewed

SK280426 Shenyang DONGBEI JINGJI BAO In Chinese No 46, 13 May 86 p 1

[Commentator's article: "Not To Raise the Quotas at Each Level" -- the first problem which we must pay attention to in the implementation of theSeventh 5-Year Plan]

[Excerpts] At present, the leading organs at all levels and the economic departmenst and enterprises of the three provinces and one region in the northeast economic zone are implementing the Seventh 5-Year Plan of the state and formulating or revising their own 5-Year plans. The guidelines, principles, plicies, targets, and measures of the CPC Central Committee and State Council on the Seventh 5-Year Plan have won greater support among the people and played a tremendous role in encouraging and guiding the people. However, judging from the current specific situations, there are some problems worthy of our attention. One of the prominent problems is that some localities, departments and enterprises, while determining their fighting objectives, have a tendency to neglect overall efficiency and coordinated development, simply pursing the rate of economic development and raising the quotas of output value at each level.

It has been learned that under the plan, the total industrial and agricultural output of the three provinces of Liaoning, Jilin, Heilongjiang will be balued at 230 billion yuan by 1990, showing an average annual increase of 8 percent; and the national income of the three will total 121.5 billion yuan, an average annual increase of 8.4 percent. Analyzing the situation of the economic foundation of the northeast region, we can see that the above targets are slightly higher than the state planned targets, but it is absolutely possible for us to realize these targets through our efforts. One of the problems we are worrying about is that some cities, prefectures (leagues), counties, banners (districts), and some trades and professions have raised the quotas of output value of their enterprises. Their quotas have even greatly exceeded the planneed quotas of the state and their own provinces and regions. The northeast economic zone planning office of the State Council has directly investigated seven cities, one county, and three large enterprises' intgrated companies and some enterprises and has found that their output value quotas were increased at each level. The quotas for the growth of annual output value of units at the city and prefectural level were generally higher than 10 percent and that of county-level units ranged from 12 to 13 percent. The quotas werw as high as 15 percent in some trades and enterprises. Of course, it is impossible to even up the output value quotas and the growth rate of defferent localities, departments and enterprises. Their quotas and growth rates may be high or low, rapid or slow. However, raising the quotas of output value at each level is abnormal.

We are not neglecting output value. However, one-sided stress on output value cannot reflect economic results. We are not neglecting the growth rate, but we must not subjectively pursue growth rates regardless of objective possibilities.

The grand objective of the CPC Central Committee and the State Council on quadrupling the total industrial and agricultural output value by the year 2000 is a strategic policy decision for China's whole national economy. The imbalanced development of various localities, departments, and enterprises objectively exist in various parts of the country, including the northeast region. According to the state unified plan, some localities and fields should make breakthroughs while others should have control over their quotas. The Seventh 5-Year Plan of the state has set forth major and general demands as well as priorities on the mandatory and guidance plans of the various provinces, regions, departments and trades. The assessment of the development achievements of localities, departments, and enterprises should be conducted in line with reality and specific conditions. All enterprises, departments, and localities should conscientiously analyze and study according to subjective conditions the problems they should solve in particular. They sould pay special attention to grasping one or two key problems related to technological progress and the structure of readjustment, which can help solve many other problems, and should concentrate their efforts on making breakthroughs. By no means should they rush headlong into mass action. What we seek is comprehensive benefits in the economic, social, and ecological sectors and realistic development, not only the growth rate of output value of quadrupling ahead of schedule. To persist in carrying out reform, we must have a comparatively better-off economy and a good social environment. Therefore, we should seek great benefits through developing the entire economy in a sustained, steady, coordinated and sound manner. The tense situation resulting from the dislocations in the economic sphere may obstruct the smooth progress of reform.

The implementation of the Seventh 5-Year Plan is being specifically arranged. Although planning and economic work conferences of all levels have been held, there is still much work to do in order to make concrete arrangements. All localities, departments, and enterprises should deeply analyze and expound on their conditions and environment for development, andoul make their plans and quotas dovetail with the plans of the state as well as their own provinces and regions. We should rapidly readjust the quotas of output value which have been raised improperly, the earlier the better. It is better to make the readjustment before incurring losses and getting into a difficult position. This is the demand of the overall situations of reform and the four modernizations.

Investment Structure Changes

SK272210 Shenyang DONGBEI JINGJI BAO in Chinese No 47, 17 May 86 p 1

[Commentator's article: "Make Up Our Minds To Achieve a Readjustment in the Investment Structure" -- the second problem which we must pay attention to in the implementation of the Seventh 5-Year Plan]

[Excerpts] In order to ensure a sustained, steady, and coordinated development of the national economy and an economic situation characterized by vitality, efficiency, and benefits, we should pay attention to not only properly defining the scale of investment in fixed assets but also rationalizing the investment structure, and make the most of limited funds to score the best economic results. Investment in northeast China accounts for 10 percent of the total investment defined in the state Seventh 5-Year Plan. How to use such a large sum of money and when to spend it are questions of extremely great importance.

Problems in which the structure of investment in fixed assets is irrational have cropped up among various localities and departments in arranging and carrying out their plans for investment. so, we must make up our minds to do a good job in readjusting the investment structure at the outset of the Seventh 5-Year Plan period in order to avoid detours in the future. Investgations show that the main problems concerning the irrational investment structure are as follows:

First, investments in infrastructural facilities and basic industries such as energy resources, transport, and raw materials are lower than the increases in investments in other trades. From the standpoint of the investment structure arranged by the state-owned economic departments in northeast China in their Seventh 5-Year Plans, we realize that investment in energy resources, transport, and raw materials amounts to 33 percent of the total investment, an incrase of about 6 percent over the figure of the Sixth 5-Year Plan period. From the standpoint of the investment structure of the whole society, we know that investment in energy resources, transport, and raw materials only accounts for 24 percent, and the remaining 76 percent is invested in other fields, most of which is invested in processing industries that have a high consumption of energy resources and raw materials.

Second, investment in nonproductive construction projects is rising. However, investment in urban infrastructural facilities in service of production and the people's livelihood does not show big increases; on the contrary, investment in the construction of office buildings, auditoriums, and hotels increases by a wide margin. The vigorous upsurge in the construction of office buildings, auditoriums, and hotels on a large scale which started in the Sixth 5-Year Plan period still prevails at present. Investigations made by the Liaoning provincial departments concerned indicated that more than 80 first- and second-class hotels occupying an area of 120,000 square memters of floor space are planned to be built during the Seventh 5-Year Plan period, some of which are ongoing projects not completed during the Sixth 5-Year Plan period. The total investment in these projects is 1.5 nillion yuan. We not only need a great deal of building materials to construct these projects but also must use foreign exchange to buy some high quality materials for them. Many hotels have been built or rebuilt over the past few years. Most of them are suffering losses due to the fact that consumption is high and utilization rate is low. Therefore, it is impossible for us to score good results if we continue to increase such projects.

Third, investment in processing industries focusing on producing primary products is on the high side. For instance, the flax, chemical fiber, and petroleum industries have made a few investments in developing precision and intensive processing. In particular, neighborhood industrial enterprises and town and township industrial enterprises have established many extra-budgetary processing industries. So far, these enterprises continue to blindly make investments and development due to their failure to improve macroeconomic management.

Fourth, enterprises that have a high consumption of energy resources are under contruction in areas where energy resources are insufficient.

Fifth, major projects between different trades and between different regions are not coordinated and the distribution of productive forces is not reasonable. For instance, Hulun Buir League's raw coal production capacity will be able to reach 16 million tons by 1990. The league fails to find outlets for its 6 million tons of raw coal on the premise that it can only assimilate 10 million tons.

An important principle set forth in the state Seventh 5-Year Plan is to appropriately fix the scale of investment in fixed assets, to rationally readjust the investment structure, and to strive to increase the return on investments. At present, when we are formulating specific plans, leading organs and departments in charge of economic work should firmly grasp the work of readjusting the investment structure in accordance with the demands of the overall situation in order to ensure that neither the opportune time is bungled nor phenomena are created again in which the investment structure is out of control.

LIAONING SIGNS FOREIGN INVESTMENT CONTRACTS

OW042224 Beijing XINHUA in English 1531 GMT 4 Jul 86

[Text] Shenyang, July 4 (XINHUA) -- Northeast China's Liaoning Province signed 120 contracts to use foreign investment and technology during the first five months this year, according to the provincial foreign relations and trade committee.

The contracts totalled 292.92 million U.S. dollars.

An official from the committee said the province has always given priority to the transformation of its existing enterprises while using foreign investment and technology.

Among the contracts, 80 percent are production projects, and 70 percent of them can provide products for export.

DEMONSTRATORS PROTEST U.S. 'INTERFERENCE'

HK070808 Hong Kong AFP in English 0738 GMT 7 Jul 86

[Text] Taipei, July 7 (AFP) -- Some 150 people demonstrated here on Monday against what they called interference in Taiwan's internal affairs by four U.S. senators, witnesses said.

Some 150 members of the Patriotic Association of the Republic of China demonstrated in front of the American Institute in Taiwan and delivered a letter addressed to Senators Edward Kennedy, Claiborne Pell, Steven Solarz and Jim Leach, offering them an all-expense-paid trip "to see the real Taiwan." Legislators, city councilmen, businessmen, retired servicemen, professors, and students were among the protestors, who waved the flags of Taiwan and the United States and placards bearing slogans protesting against foreign interference in Taiwan's internal affairs.

The four senators, noted supporters of opposition groups in Taiwan, together with Senator Robert Torricelli, organised in Washington on May 19 a committee for the promotion of democracy. They have also on various occasions asked Taipei to lift martial law, allow the opposition to form political parties, and uphold human rights.

An official of the political section of the institute, a quasi-official agency handing relations between Taiwan and the United States, which do not have diplomatic relations, accepted the letter from five representatives of the protesters. "We protest your interfering with our internal affairs and we invite you here to see the real Taiwan," said the letter, copies of which were made available to the press. The senators "would hurt the hearts of the Chinese from Taiwan and damage the traditional friendship between our two countries if you should be deceived and manipulated by a bunch of ambitious politicians and criminals who found no way to survive in the free and democratic society here," the letter said.

EXECUTIVE YUAN FORBIDS CITIZENS TO VISIT PRC

OW030301 Taipei CNA in English 0240 GMT 3 Jul 86

[Text] Taipei, July 2 (CNA) -- The Executive Yuan has reiterated its stand that no citizens of the Republic of China are allowed to visited the China mainland. It is inappropriate for the people here to visit the China mainland because the nation is still in an extraordinary situation and the Peiping regime is still very anxious to drive wedges amaong the people here, the Yuan said in a written response to an interpellation by legislator Chiang Peng-chen.

In recent years, the Peiping regime has stepped up its efforts to lure people who have relatives under its control to visit the China mainland. To prevent the people here from falling into its trap, the government prohibits citizens of this nation to visit the China mainland, the Yuan said.

Meanwhile, according to informed sources from the China mainland, Peiping has tightened its security measures to prevent more of its pilots from seeking freedom in free China, and these measures have seriously affected the morale of its Air Force, the Yuan said.

The Yuan also said that in order to encourage more Red Chinese pilots to seek freedom in this nation, the ROC Government will not change its current practice of giving cash awards to those Red Chinese pilots who fly their aircraft here.

CHEN MUHUA EXPLAINS RENMINBI DEVALUATION

HK060101 Hong Kong WEN WEI PO in Chinese 6 Jul 86 p 1

[Dispatch from correspondent Juan Chi-hung: "Chen Muhua Explains Renminbi Readjustment"]

[Text] Beijing, 5 Jul -- The Bank of China announced today that the exchange rate of the renminbi [RMB] against other currencies has been readjusted downward by 15.8 percent. This is the biggest recent readjustment of the currency.

According to our information, the newly readjusted exchange rates are now as follows: $100 to RMB371.29; 100 pounds sterling to RMB574.03; and HK$100 to RMB47.54.

Chen Muhua, state couneillor and director of the People's Bank of China, gave the following explanation of this today when receiving delegations to the annual IMF consultative meeting in the Zigyang room at Zhongnanhai: We have carried out domestic price readjustments in the wake of the reform of China's economic structure and the development of commodity economy. In view of the price changes in the domestic and international markets, it is quite normal to make a corresponding readjustment of the exchange rates. Apart from that, it is also essential to make an appropriate readjutment of the exchange rates in order to encourage exports and achieve a balance in international income and expenditures.

Chen Muhua said that following this readjustment, the exchange rate of the RBM will be kept correspondingly stable.

Apart from encouraging exports, this devaluation of the RMB has also had another effect. An analyst at an international finance research center told our reporter that the decision to devalue the RMB was taken in order to control imports, because China's foreign exchange reserves have fallen in the past two quarters. The devaluation will cause a certain degree of inflation, while production costs of foreign businessmen investing in China will rise.

However, another official explained that China made the decision and estimated the impact when it held a conference of senior cadres in April. He said that China can bear the inflationary effects of the devaluation.

HSIN WAN PAO Views Decision

HK060931 Hong Kong HSIN WAN PAO in Chinese 6 Jul 86 p 1

["New Talk" column: "Renminbi, Exports, International Income and Expenditures"]

[Text] Commencing yesterday, the exchange rate of the renminbi [RMB] against other currencies has been readjusted downward by 15.8 percent. This is the biggest recent readjustment of currency.

Over the past 2 years or so, the exchange rate of the RMB has been continuously readjusted downward. Take the exchange rate against the U.S. dollar for example. It was readjusted downward from RMB2.6 to $1 some time ago to RMB3.083 to $1 in October 1985. The current readjustment has gone downward further to RMB3.796 to $1, the biggest one over the past 2 years.

Chen Muhua, state counsillor and director of the People's Bank of China, explained that it is quite normal to make a readjustment of the exchange rates and that the exchange rate of the RMB will be kept correspondingly stable.

The devaluation of the RMB was expected. Although the devaluation of over 10 percent was unexpected, it is comprehensible. It is generally acknowledged that the devaluation of the RMB was done to stimulate exports, maintain a balance of international income and expenditures, develop tourism and check the reselling of foreign exchange in the black market.

The development of the four modernizations has been accompanied with the further opening to the outside world. The volume of China's imports and exports has increased remarkably. Imports and exports in 1985 totaled over $69.6 billion, a 30 pecent increase over 1984. However, the volume of exports was lower than that of imports. Last year there was a trade deficit of $14.9 billion. Imports and exports in the first quarter of this year totaled over $14.6 billion, an increase of 3.9 percent over 1985. Nevertheless, we failed to maintain a balance of trade because there was still a trade deficit of $2.9 billion.

The phenomenon is due to excessive imports, particularly the import of consumer goods, and also to the low competitiveness of the export goods. In order to maintain a balance of international income and expenditures, it is necessary to readjust the exchange rates and encourage exports. Actually, China has always maintained a favorable balance of its non-trade foreign exchange income and expenditures. Last year, foreign exchange income from non-trade items exceeded expenditures by $3.4 billion, which included income from tourism. The issue is that the surplus in this field cannot offset the deficits in imports and exports. Moreover, the rampant reselling of foreign exchange in the black market of a number of open cities is also the reason for reduction of China's foreign exchange. Although there is still a difference between the newly readjusted rate and the black market rate, we believe that the measure taken will help check the black market activities to a certain extent.

China's foreign exchange reserve now totals around $10 billion, which is an optimum amount. A balance of revenue and expenditure is expected this year and the development of China's economy is steady and normal. Under such circumstances, the huge deficits in imports and exports have become the major problems in the national economy as a whole. A period of time is required to enhance the competitiveness of the export commodities and to establish a set of export production systems. Under the condition that we cannot reduce the import of certain goods such as machinery equipment during the Seventh 5-Year Plan period, besides exercising control over the import of some commodities, we cannot but cut down the import of other necessary goods to make up the deficits. For this reason, it is necessary to reasonably readjust the value of the RMB.

HONG KONG BOWS TO U.S. 'PROTECTIONIST SENTIMENT'

HK010355 Hong Kong SOUTH CHINA MORNING POST in English 2 Jul 86 pp 1, 2

[By Paul Baran]

[Text] Bowing to protectionist pressure, Hong Kong has agreed to a new five-year textile agreement with the U.S. that cuts back overall exports to last year's levels and extends coverage to include silk and ramie.

But the new agreement, prepared early yesterday in Washington does not contain the harshest of the U.S. proposals -- a three-year freeze on export levels of Multi-Fibre Arrangement [MFA] -covered cotton, wool and man-made fibre garments.

As expected, the previously quota-free fabrics of silk, ramie,linen and jute will come under restraint, effective August 1, at last year's levels, a clear indication the U.S. will push for their inclusion in the on-going MFA talks in Geneva. The MFA expires at the end of this month.

Under the accord, which takes effect retroactively from January 1 and runs to December 31, 991, across-the-board growth rates range from 0.75 percent this year to 2.5 percent in 1991. The MFA allows annual growth of six per cent.

"Any growth rate is better than none," said the director general of the Federation of Hong Kong industries, Mr Lawrence Mills.

He said that since growth levels are already low, industry has been "psychologically prepared" for the new terms for some time.

"We will find it difficult, but not intolerable," he said, generally echoing the Industry-wide reaction.

As an executive of a major U.S. buying office said: "Nobody likes it but it won't kill us."

U.S. buying offices for American labels sourcing locally have been sending huge amounts of non-MFA items to the U.S. in expectation of the new quotas, which will be allocated locally on a past performance basis.

Secretary for Trade and Industry Eric Ho, who attended the four-day talks in Washington along with the entire Textile Advisory Board (Textab), said on his return last night the Hong Kong team fought hard and won some gains over earlier U.S. proposals.

But in the end, he said, the political realities had to be faced.

"We felt we were in the firing line and we couldn't duck it."

However, he said, the agreement will provide at least five years of stability to Hong Kong's jittery garment and textile sector.

Textab member and Legislative Councillor Mr Stephen Cheong, who arrived with Mr Ho, agreed, and noted that the new growth levels are low but that growth under the old agreement was also restricted.

Mr Ho and Textab will meet tomorrow to further discuss the implications of the agreement.

Hong Kong's Director of Trade and chief textile negotiator, Mr Hamish MacLeod, who led the talks, is now in Geneva for the latest round of MFA discussions.

In a statement released by the department yesterday, Mr MacLeod said the concessions of flexibility and growth provisions "certainly do not compensate for the new restrictive elements in the agreement."

He said the U.S. stand reflected strong protectionist sentiment in the country and the congressional threat of new textile legislation.

Backers of the restrictive Jenkins-Thurmond Bill have scheduled for August 6 a vote on overriding President Ronald Reagan's earlier veto of the bill.

The meeting in Washington was the third between the two countries; textile negotiators, following a session last month in Hawaii and an earlier round in Hong Kong which ended abruptly when the territory sharply disagreed with the U.S. proposals.

The U.S. is holding similar talks with Taiwan and South Korea, which are widely expected to agree to the proposals now Hong Kong has knuckled under.

Three days of talks on the territory's garment exports to the European economic community begin in Brussels on July 7.

At a press briefing yesterday, acting Director of Trade Michael Sze said the departments still analysing the U.S.-Hong Kong Agreement. However, he said, the "modified and extended" agreement has two main features:

-- Extensions of coverage to silk and ramie from August 1, although blends with a high silk or ramie content are exempt.

-- Introduction of group limits for the three main groups of categories -- cotton, wool and man-made fibre garments, which will be split into garment and non-garment (yard, threat and made-ups) -- and the creation of a new garment group for the previously quota-free ramie.

-- Two sub-groups have also been created -- non-MFA sweaters of silk or ramie blends under categories 845 and 846 and other products, such as yarn, thread or made-ups not covered by the three groups or the sweaters sub-group.

The three main groups and the sweaters are under quota, but the last sub-group comes under the export authorisation system, under which the U.S. can make a "call" on the items if it feels import levels threaten the domestic market, he said.

A yardage limit has also been set on each of the three main groups.

One apparent concession won by Hong Kong affects the non-MFA sweater sub-group. Mr Sze said the U.S. has agreed that 70 per cent of the sub-group's quota can be made in Hong Kong from panels knitted in China, a move that differs from the United States, country-of-origin rules, which affect MFA sweaters.

Under these rules, sweaters made locally from panels knitted in China cannot be imported to the U.S. with a made-in-Hong Kong label.

Mr Sze said although the agreement includes a modification to the current terms on cotton, wool and man-made fibre, it provides no reduction in quotas issued for existing restrained categories.

"On MFA items, there is no reduction in quotas already issued for 1986," he said.

Silk exporters will get some solace from the provision that garments contaning more than 70 percent of silk, by weight, and non-garment items containing more than 85 per cent of silk remain outside the agreement.

Synthetic fabric luggage exporters, however, now fall under the agrement.

Assistant Director of Trade Paul Wong said the department has stopped issuing export authorisations or applications on MFA fabrics, suspended all swing provisions and the free quota scheme.

All export licences and "white licence" applications for non-MFA items have also been suspended, he said.

Licencing will resume once the calculation of quotas has been completed.

Last year, Hong Kong's exports of garment, textiles and accessories to the U.S. totalled $25.5 billion, down four per cent on 1984, Census and Statistics Department figures show. The 1984 level, however, soared 45 per cent over 1983.

Non-MFA exports totalled about $6 billion last year.

In the first four months of this year, Hong Kong's exports of clothing and textiles totalled $7.6 billion, up seven per cent on the same period of last year.

Exports of silk garments last year totalled $2.3 billion, a 21 per cent drop on 1984's figure, which had risen 52 per cent drop cover last 1983.

U.S. figures measured in equivalent square yards (ESYS) show that Hong Kong exports of all garments and fabrics grew 11 per cent last year, giving the territory the largest percentage rise among regional suppliers.

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PRC EXPANDS TRADE WITH MEDITERRANEAN COUNTRIES

OW041412 Beijing XINHUA in English 1356 GMT 4 Jul 86

[Text] Beijing, July 4 (XINHUA) -- China has made remarkable progress in promoting its trade ties with the Mediterranean countries to which Premier Zhao Ziyang is now paying official visits, "INTERNATIONAL BUSINESS" reported on Thursday.

Prior to Zhao's trip, the paper interviewed Wang Pingqing, vice-minister of foreign economic relations and trade, on the development of China's trade with the host nations.

Wang said that "there have been satisfactory results in China's bilateral trade, economic and technical cooperation with Romania, Yugoslavia, Greece, Spain, Turkey and Tunisia."

According to the statistics of the Chinese Ministry, in 1985 the trade volume with Yugoslavia rose to 189 million U.S dollars, a 45 percent increase as against the previous year. The Sino-Romanian trade increased to 790 million U.S. dollars.

The most outstanding increase was in Sino-Turkish trade involving 112.6 million U.S. dollars last year, which was three times the 1984 figure. The Sino-Tunisian trade volume -- 62.9 million U.S. dollars -- was up by nearly 60 percent; the Sino-Greek trade -- 82 million U.S. dollars -- up by 61 percent and Sino-Spanish trade -- 439.7 million U.S. dollars -- up by 121 percent.

Wang said that after Greece and Spain joined the European Community, China signed agreements on economic cooperation with these two countries. "Our cooperation will expand in wider ranges," he said. They will also find rich natural resources and broad markets in China, he added.

The vice-minister expressed his confidence for the future of China's economic and trade relations with Greece and Spain. He said that China attaches great importance to economic cooperation and trade with other developing countries and has taken a series of measures to promote such cooperation.

UN ECONOMIC, SOCIAL COUNCIL HEARS PRC DELEGATE

OW050612 Beijing XINHUA in Egnlish 0556 GMT 5 Jul 86

[Text] Geneva, July 4 (XINHUA) -- China today appealed to developed countries to end their trade protectionist measures, increase financial cooperation with debtor countries, and restructure the international monetary system as ways of helping developing countries.

At the summer session of the United Nations' Economic and Social Council, Qian Jaidong, Chief Chinese delegate, said despite the 3 percent economic increase expected in developing countries this year, "these countries are still beset with grave difficulties in their economies and their prospects leave no room for optimism."

Citing the recent adoption of a protectionist bill by the U.S. House of representatives and the raising of import tariffs by West European countries on petrochemical products, Qian said developed countries have ignored or denied any commitment to containing protectionism.

The solution to the debt problems, he said, should include short-term capital recycling and long-term economic growth in the debtor countries. "The debt problem will not be removed of its root causes if only the debtor countries are required to tighten up their belts and implement short-term economic readjustment policies."

Qian also said the high interest rates, unbalanced international payments, capital flow from debtor countries and the disparities between exchange rates and commodity prices shows that the existing international monetary system must be overhauled.

It would be impossible for developing countries to achieve self-reliancy without international cooperation and a favorable international environment, said Qian. To accomplish this, he said, four measures should be followed:

-- Developed countries should immediately renounce trade protectionist measures, to ensure greater access to products from developing countries to their markets.

-- Flow of financial resources into developing countries, particularly official financial aid and concessional loans, should be increased.

-- Creditor countries, debtor countries, multilateral financial institutions and commercial banks have obligations to actively seek a long-term and growth-oriented solution to the debt problem.

-- The existing international monetary system must be restructured.

XINHUA COMMENTARY ON 'HARD FATE' OF SALT II

OW041352 Beijing XINHUA Domestic Service in Chinese 1031 GMT 1 Jul 86

[Text] Beijing, 1 Jul (XINHUA) -- Commentary: The Hard Fate of the "Strategic Arms Limitation Treaty," by XINHUA Commentator Peng Di

The second U.S.-Soviet Strategic Arms Limitation Treaty [SALT II Treaty] has had a hard fate indeed. It went through 7 difficult years before coming into being. Seven years after its birth, the congresses of the two countries have not ratified the treaty to accord it legal recognition. Now President Reagan has announced that the United States will no longer be bound by the treaty at the end of this year. If the treaty had any golden period to speak of, that was 18 June 1979, the day it was signed in Vienna. I was there and witnessed President Carter and General Secretary Brezhnev embrace and congratulate each other on the treaty's birth. At that time, the two leaders spoke highly of the treaty. In their informal talks or comments after the meeting, ranking U.S. Government officials even considered this a breakthrough signaling an improvement in U.S.-Soviet relations.

Unfortunately, shortly after the signing of the treaty, 100,000 Soviet troops invaded Afghanistan, a nonaligned nation, in December that same year. The world was shocked, and U.S.-Soviet relations took a sharp turn downward. The Carter administration immediately announced a blockade in the Persian Gulf and warned the Soviet Union against moving south. The U.S. Congress categorically refused to ratify the newly signed treaty, which had been very controversial in the United States. The treaty was thus shelved.

However, based on their own considerations and needs, the United States and the Soviet Union did not abolish the treaty right away. They considered the treaty's stipulations worth observing for the time being. Since then the treaty has behaved like a shost, appearing and disappearing now and then. No one cared about it even when it expired at the end of 1985. President Reagan recently brought up this subject, thereby reminding the people of the presence of this thing which looks like a treaty but not is a treaty, and which may or may not be observed.

Actually, there is nothing to lament about the fate of this treaty. It was supposed to temporarily play the role of a regulator in a trial of strategic strength between the United States and the Soviet Union. Each was trying to use this treaty to consolidate its own position in the nuclear arms race and to restrict the other.

This treaty allowed tremendous room for growth for both sides in terms of the quantity of strategic weapons. In terms of quality, each side could take into consideration the characteristics of its own weapons, exploit its strengths and circumvent its weaknesses, and actually increase the quantity under the pretext of arms reduction. Take the missiles with multiple warheads that can be independently targeted, for instance. When the treaty was signed in June 1979, the United States and the Soviet Union respectively had 1046 and 752 delivery vehicles with these multiple warheads. However, the treaty stipulated that both sides could increase their holdings to 1320 delivery vehicles. Arms expansion was carried out under the name of arms limitation. True enough, since then, both sides have speeded up the race in this area. it is little wonder that by early 1986, the United States had increased its nuclear warheads from 9,200 to 11,000 delivery vehicles, while the Soviet Union had increased its warheads at a much faster rate, from 5,000 to about 10,000 delivery vehicles. Each has developed or deployed other new-generation weapons for use on the ground, under the sea, and in space while accusing the other of violating the treaty.

Obviously whether the treaty was valid or whether or not it had expired will not stop the U.S. -Soviet arms race. President Reagan was very straightforward and opposed this treaty from the very beginning. On the surface, the reason was that this treaty was not for reducing arms, and that everything should start anew if serious arms reduction is desired. The underlying reason was that he could not tolerate the Soviet superiority in some strategic weapons, and was thus determined to compete with the Soviet Union in these areas.

In arms expansion, the Soviet approach has always been more action, less words, or no words at all. It has worked hard to develop offensive and defensive weapons, and its words do not match its deeds. Since the new leadership of Gorbachev came into office, the Soviet Union has offered some disarmament proposals to the United States. Recently, while criticizing Reagan for not observing the SALT II Treaty, the Soviet Union again offered a new proposal, urging the United States to continue to honor in the next 10 to 15 years the "Antiballistic Missile Treaty" signed by both sides in Moscow in 1972. In this connection, the Soviet Union is willing to reduce strategic offensive weapons "on a par" with the United States. Apparently this proposal is still aimed at U.S. "star wars" program.

It is common sense that a treaty is better than an unrestrained arms race. However, both sides should be sincere. If the Unites States and the Soviet Union really care about the world's public opinion and international peace and refrain from constantly strengthening their position and pursuing an outward expansionist policy, then this treaty will naturally serve as a new starting point for discussing new steps for further arms reduction.

In this way, this pitiable treaty may be prevented from total abandonment, and may play a limited role instead of being left in ruins.

This is only a wish of the ordinary people. The treaty's destiny is actually held in the hands of the policy-makers in Washington and Moscow.

VIENNA ARMS TALKS CLOSE WITHOUT AGREEMENT

OW042010 Beijing XINHUA in English 1510 GMT 4 Jul 86

[Text] Vienna, July 4 (XINHUA) -- The 39th round of negotiations on reducing conventional forces in central Europe closed here Thursday without any agreement.

The mutual and balanced force reduction (MBFR) talks began May 15. The talks are scheduled to resume September 25.

During the negotiations, the Warsaw Pact appealed for cuts throughout Europe, while the west bloc emphasized effective measure to verify reduction. The two sides blamed each other for failure to make progress in the talks.

U.S. representative Robert Blackwill told reporters that "the East had not moved one millimeter on verification."

Soviet delegate Valerian Mikhaylov said the Warsaw Pact initiative announced last month had been touched only in private and informal talks. He told reporters that the West had hardened its stance at the talks, instead of moving toward compromise.

The negotiations began on October 30, 1973, on the reduction of the estimated two million troops in the Netherlands, Belgium, Luxembourg, Federal Germany, Democratic Germany, Poland and Czechoslovakia.

SOVIET FRIENDSHIP DELEGATION ARRIVES IN BEIJING

OW032038 Beijing XINHUA in English 1524 GMT 3 Jul 86

[Text] Beijing, July 3 (XINHUA) -- Zhang Wenjin, president of the Chinese People's Association for Friendship with Foreign countries, gave a banquet here tonight in honor of a Soviet delegation from the Union of Societies for Friendship and Cultural Relations With Foreign Countries and the Soviet-Sino Friendship Association. The delegation, led by E.V. Ivanov, first vice-chairman of the union, arrived here this morning according to the 1986-1987 cooperation program signed between the two friendship organizations.

Officials Exchange Speeches

OW050431 Beijing in Russian to the USSR 1800 GMT 3 Jul 86

[Text] A 3-man delegation of the Union of Soviet Societies for Friendship and Cultural Relations With Foreign Countries and the USSR-China Friendship Society led by Yevgeniy Ivanov, deputy chairman of the Presidium, arrived by air in Beijing the morning of 3 July at the invitation of the Chinese People's Association for Friendship With Foreign Countries and the China-USSR Friendship Association and began its week-long visit of friendship to China. At the airport, the Soviet guests were met by Liang Geng, vice president of the Chinese People's Association for Friendship With Foreign Countries, and Yang Shouzheng, vice president of the China-USSR Friendship Association.

In the evening, Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries, met the Soviet guests and gave a banquet in their honor. At the banquet, President Zhang Wenjin said that today he is giving a banquet in honor of the delegation of Soviet amity organizations for the first time since assuming the post of president of the association, and that he was very pleased about it.

He said that in the last 2 years there has been an increase in contacts between the amity organizations of China and the Soviet Union, and that this contributes to deepening mutual understanding and strengthening friendship between the two countries' peoples. We have every justification to believe, he said, that the cooperation plan of the two countries' amity organizations for 1986-1987, recently signed in Moscow thanks to the efforts of the two sides, will certainly be successfully implemented.

Delegation leader Ivanov also spoke at the banquet. He said he was glad to note new developments in cooperation and increased contacts between China and the Soviet Union in the economic, trade, scientific, technical and cultural fields, and reiterated that the fruitful work of the two countries' amity organizations will certainly contribute to strengthening and developing the traditional friendship of the two countries' peoples. Troyanovskiy, Soviet ambassador to China, attended the meeting and banquet.

USSR ENVOY TO U.S. URGES SUMMIT PREPARATIONS

OW040050 Beijing XINHUA in English 2353 GMT 3 Jul 86

[Text] Washington, July 3 (XINHUA) -- Soviet ambassador to the United States Yuriy Dubinin today called on the United States to begin actual preparations for a second U.S.-Soviet summit meeting, saying that a date for such a meeting could be set if the United States makes a positive reply to the latest Soviet arms control proposals.

In an interview with the American Hearst newspapers, which was made public today, the ambassador said that "it is more important" to start talks on a summit agenda than to set a concrete date for either the summit or a preparatory meeting between U.S. Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze. "The most important thing is to begin the actual preparatory work as soon as possible and without wasting any more time," he argued.

This echoes to a Soviet leader Mikhail Gorbachev's statement in Warsaw late last month that a summit meeting "would not be needed" without an agenda that would yield "concrete achievements" in arms control.

The United States has been pushing the Soviet Union to set a date for a foreign ministers' meeting while dismissing the Soviet call as another propogandistic ploy rather than a sign of serious progress toward a summit.

Dubinin said the Soviet offer for high-level preparatory talks "underscores our willingness to begin the actual preparation of the whole process with the hope of arranging a successful summit meeting as soon as possible." "I would like to put the accent one more time on substance because substance is the most important thing," he claimed. He urged the United States to respond positively to the Soviet suggestions so that to "make a new summit meeting possible."

USSR'S CHERVOV TELLS PRESS OF OBSTACLE TO CW BAN

OW050622 Beijing XINHUA in English 0605 GMT 5 Jul 86

[Text] London July 4 (XINHUA) -- Colonel-General Nikolay Chervov, a leading Soviet negotiator at Geneva arms control talks, today said the Soviet Union and the United States are one obstacle away from reaching a broad agreement on banning chemical weapons (CW). Chervov said that obstacle is the U.S. unwillingness to agree to strict controls over private enterprises that have the potential to produce materials that can be used for chemical weapons.

Chervov, also head of the Directorate of the Soviet General Staff, was speaking at a press conference in London where he is paying a visit. "If this obstacle is removed, there is a chance to reach agreement," Chervov said. "We have broadly agreed all other aspects, including the system of control and verification and on-site inspection. In principle we are agreed on all other issues," he added.

According to press reports in the West, however, the United States and the Soviet Union staff differ on verification procedures. It was not clear from Chervov's remarks whether the Soviet Union had agreed to abandon a veto over any particular inspection request which it had insisted on for national security reasons.

Chervov is to meet with British Foreign Secretary Geoffrey Howe and will address the Royal Institute of International Affairs next Monday.

Soviet Foreign Minister Eduard Shevardnadze is due to arrive in Britain's capital in 10 days, and indications are that the Soviet Union has placed significant importance to Britain's role Soviet-U.S. summit.

Soviet ambassador in London Leonid Zamyatin, who was at today's press conference, said, "We believe the views of Great Britain as a nuclear power carry weight."

TASS SAYS U.S. FEARS FOR ROK, CONTACTS OPPOSITION

OW050554 Beijing XINHUA in English 0538 GMT 5 Jul 86

[Text] Moscow, July 14 (XINHUA) -- The United States is seeking to keep its position in South Korea in case of the collapse of the Chon Tu-Hwan clique in making contact with the opposition, the TASS news agency said today. This is but the flexible tactics Washington is playing, aimed to maintain its sphere of influence in the southern part of the peninsula once the regime there is toppled, the news agency said.

TASS said U.S. Ambassador Richard Walker to Seoul met a main opposition leader in his official residence, despite the protest from the South Korean authorities. Washington is "deeply worried" about a massive campaign, which is underway in South Korea with calls for toppling the pro-American Chon regime and shattering the Washington-Seoul alliance, TASS said.

MOSCOW CRITICIZES REAGAN REMARKS ON ARMS CONTROL

OW070232 Beijing XINHUA in English 0156 GMT 7 Jul 86

[Text] Moscow, July 6 (XINHUA) -- A Soviet commentator on the Central Television Network said today that U.S. President Ronald Reagan's change of attitude toward the latest Soviet disarmament proposal is apparently a trick to delay for time. The commentator said because Washington's remarks were not backed by any concrete deeds. He criticized the U.S. Administration for sticking to "an old, nonconstructive and unrealistic stance" at the arms talks in Geneva that were adjourned recently.

Soviet leader Mikhail Gorbachev called last month for a limit on U.S. Strategic Defense Initiative (SDI) to the experimental level and for the adherence to the SALT II nuclear arms control treaty for another 15 years. The Soviet leader also advocates limiting the strategic nuclear arsenals of both nations to their current levels, although he has not linked this proposal to the SDI and SALT II suggestions.

In response to the Soviet proposal, Reagan said Moscow appeared to be making "a serious effort" that could represent "a turning point" in arms control.

Another Soviet commentator criticized military-industrial groups in Western Europe for attempting to utilize the Eureka project for military purposes. It said more and more politicians as well as industrial enterprises were becoming interested in the plan because of its military potential.

DPRK DELEGATION ARRIVES IN USSR; ACTIVITIES NOTED

OW030101 Beijing XINHUA in English 0045 GMT 3 Jul 86

[Text] Moscow, July 2 (XINHUA) -- A party and government delegation of the Democratic People's Republic of Korea (DPRK) arrived here today to mark the 25th anniversary of the Treaty of Friendship, Cooperation and Mutual Assistance between the Soviet Union and the DPRK.

Soviet President Andrey Gromyko and Lev Zaykov, member of the Political Bureau of the Soviet Communist Party, met with the delegation, led by Kim Hwan, Politburo member and secretary of the Workers Party of DPRK.

The Soviet news agency TASS reported that the officials discussed broadening bilateral relations and strengthening cooperation at the meeting. Kim Hwan said the United States is turning South Korea into a base for nuclear missiles in Asia and has offered to equip South Korean armies.

The Soviet leaders said they support the DPRK demand for withdrawal of U.S. Forces from the southern part of the peninsula, and a peaceful democratic reunification of Korea without outside interference.

At a reception to honor the delegation, Geydar Aliyev, Politburo member of the Soviet Communist Party and a first deputy chairman of the Soviet Council of Ministers, said the Soviet Union firmly supports intra-Korean constructive dialogue to relax tension in the peninsula.

USSR SUPPORTS DPRK NUCLEAR-FREE ZONE PROPOSAL

OW032048 Beijing XINHUA in English 1736 GMT 3 Jul 86

[Text] Moscow, July 3 (XINHUA) -- The Soviet Foreign Ministry today issued a statement to support a proposal by the Democratic People's Republic of Korea on turning the Korean peninsula into a nuclear-free zone.

The statement said that if the proposal is carried out, it would remove a possible source of nuclear conflict and would be a major contribution to non-proliferation of nuclear weapons.

Pyongyang announced on June 23 a complete ban of nuclear weapons within its boundaries and called for turning the Korean peninsula into a nuclear-free zone. Pyongyang also proposed to Washington and Seoul to negotiate on the issue.

USSR EXPECTS DRA REGIME TO BROADEN SOCIAL BASE

OW030151 Beijing XINHUA in English 0135 GMT 3 Jul 86

["Karmal Regime To Broaden Social Base" -- XINHUA headline]

[Text] Moscow, July 2 (XINHUA) -- The Soviet Union expects the Kabul regime to broaden its social base in an attempt to consolidate the puppet power.

Soviet leader Andrey Gromyko said today that he hoped the Afghanistan's National Fatherland Front (NFF) will "be fully expanded to include new forces regardless of their different ideologies and religions, as long as they all like to see Afghanistan free and prosperous."

Receiving an NFF delegation headed by Chairman Abdorrahim Hatif, Gromyko denounced what he called an undeclared war against Afghanistan by certain countries without mentioning the withdrawal of Soviet troops from the country.

The NFF is a united front represented by some political, ethnic and religious groups.

DPRK PAPER REAFFIRMS REUNIFICATION STANCE

OW041055 Beijing XINHUA in English 0742 GMT 4 Jul 86

[Text] Pyongyang, July 4 (XINHUA) -- The Democratic People's Republic of Korea (DPRK) stressed today that its stand for the national reunification on the basis of three principles is firm and unshakable.

The three principles of national reunification -- independence, peaceful reunification and great national unity -- were put forward in "the July 4 North-South Joint Statement" issued at the end of the high-level talks between the North and South of Korea in 1972.

Marking the 14th anniversary of the issuance of the statement, Korean newspaper "NODONG SINMUN" said today editorially that the three principles of national reunification represent the "only common programme of the nation" and also the "only and right way" to the settlement of the Korean issue.

Over the past 14 years, the DPRK has put forward many proposals in accordance with the statement, and has been making unswerving efforts to realize these proposals. However, "these proposals have failed because of the obstructions by the United States and the South Korean authorities," the paper said.

The paper said that the U.S. and the South Korean authorities had rejected the proposal put forward by the Supreme Command of the Korean People's Army on June 17 for talks between the military authorities of the two sides of Korea and the U.S. They also failed to respond to the statement of the Korean Government on turning the Korean peninsula into a nuclear-free peace zone. All these facts show that the U.S. and the South Korean authorities do not want peace.

The paper stressed that the proposal to set up the Democratic Confederal Republic of Koryo is a realistic and reasonable plan which embodies the three principles of national reunification. It called on the people of the two parts of Korea to make efforts to realise the reunification of the Korean nation.

DPRK GROUP URGES ROK TO TAKE REUNIFICATION ROAD

OW030743 Beijing XINHUA in English 0649 GMT 3 Jul 86

[Text] Pyongyang, July 3 (XINHUA) -- The Pyongyang-based organization for the promotion of peaceful reunification appealed to the South Koreans yesterday to give up their prejudice against and fear of the communists in the North and take the road to unification. The call was made in a message yesterday to all political parties and social communities in South Korea as well as overseas compatriots. The escalation of tension on the Korean peninsula has suspended the hard-won North-South dialogue and will probably touch off a war, the reunification group said.

The recent proposal of the Supreme Headquarters of the Korean People's Army for holding tripartite military talks is aimed at saving the nation from the danger of war, the group said, calling on the people from the South to support the proposal.

Meanwhile, the reunification group also appealed for joint sponsorship of the 1988 Olympic Games. The organization for the promotion of peaceful reunification was formed 30 years ago by former political and social figures from South Korea.

DPRK PREMIER WARNS OF 'CONSTANT DANGER OF WAR'

OW051832 Beijing XINHUA in English 1731 GMT 5 Jul 86

[Text] Pyongyang, July 5 (XINHUA) — The Korean peninsula is "in constant danger of war," Kang Song-san, premier of the Democratic People's Republic of Korea warned today.

Addressing a mass rally here to celebrate the 25th anniversary of the signing of the treaty of friendship with the Soviet Union, Kang said that the DPRK will try to prevent escalating the danger under any circumstances.

Kang expressed Pyongyang's satisfaction with what he called the new levels of friendly cooperation between the DPRK and the Soviet Union and pledged his country's "utmost efforts" in promoting such cooperation.

A Soviet party and government delegation headed by Yuri F. Solovyev, an alternate member of the Political Bureau of the Soviet Communist Party's Central Committee, attended the rally. Solovyev agreed that the Soviet-Korean relationship has entered into a new stage, marked by even closer cooperation. The Soviet delegation arrived here today especially for the celebrations.

DPRK OFFICIAL ADDRESSES NONALIGNED SPORTS MEETING

OW051020 Beijing XINHUA in English 0934 GMT 5 Jul 86

[Text] Pyongyang, July 5 (XINHUA) -- A high-ranking Korean official said today if the non-aligned countries are to develop sports, they must correctly orient the development to suit their specific conditions.

Kang Song-san, premier of the Administration Council of the Democratic People's Republic of Korea, made the remarks at the second conference on physical education and sports of the non-aligned countries, which opened here today. The four-day meeting will review progress made on implementing the program of action adopted at the first meeting of the sports group, held in Tripoli, August 1981. Representatives will also discuss sports strategy and cooperation among the non-aligned countries during 1986-90, and the 24th Olympic Games.

Kang Soing-san said, "The non-aligned countries should make all National Olympic Committees participate in the Olympic movement on an equal footing and realize a genuine democracy and energetically struggle to establish a new international sports order." The Korean premier hoped that the non-aligned countries would support the North Korean proposal that the 24th Olympics be co-hosted by North and South Korea.

Delegates from 48 countries and organizations attended the opening ceremony. Delegates from another seven countries are expected to arrive late this evening.

DPRK'S KIM IL SONG MEETS SOVIET DELEGATION

OW071922 Beijing XINHUA in English 1821 GMT 7 Jul 86

[Text] Pyongyang, July 7 (XINHUA) -- Korean leader Kim Il-song today met with a Soviet Communist Party and government delegation for the commemoration of the 25th anniversary of the Soviet-Korean Friendship, Cooperation and Mutual Assistance Treaty.

According to the KOREAN CENTRAL NEWS AGENCY, the Soviet delegation led by Yuriy Solovyev, alternate member of the Political Bureau of the Central Committee of the Soviet Communist Party and first secretary of the Leningrad regional party committee, delivered a letter by Soviet leader Mikhail Gorbachev to Kim Il-song. The content of the letter was not disclosed.

YAO YILIN MEETS JAPANESE INVESTMENT GROUP

OW031222 Beijing XINHUA in English 1214 GMT 3 Jul 86

[Text] Beijing, July 3 (XINHUA) -- Vice-Premier Yao Yilin met here today a Japanese delegation for the promotion of investment in China, led by President Keizo Saji of the Osaka Chamber of Commerce and Industry. Yao briefed the visitors on China's policy towards foreign investment in China and the country's investment environment.

He admitted that the economic cooperation and trade between China and Japan, despite their achievements, have come across some problems. However, these problems can be solved gradually and cooperation between enterprises of the countries will grow if both countries make continued efforts to do so, he predicted.

Saji replied that Yao's briefing has further encouraged members of his delegation to invest in China. They will make efforts to further the cooperation between the two countries in investment.

Zheng Tuobin, Chinese minister of foreign economic relations and trade, met the Japanese delegation this morning. He praised the visitors for their efforts to promote Sino-Japanese economic cooperation.

The 30-member Japanese delegation arrived here yesterday at the invitation of the Chinese Ministry of Foreign Economic Relations and Trade. According to the Chinese Ministry, the Japanese delegation is here to study and discuss projects that the two countries agreed for further discussion at a meeting in Osaka last November. The delegation will also exchange views with Chinese officials on cooperation between China and Japanese industries of Kansai area as well as Japanese investment in China.

YAO YILIN MEETS JAPAN RESEARCH INSTITUTE OFFICIAL

OW031036 Beijing XINHUA in English 1011 GMT 3 Jul 86

[Text] Beijing, July 3 (XINHUA) -- Chinese Vice-Premier Yao Yilin met here today with Yukitsugu Nakagawa, chairman of the Nomura Research Institute of Japan. Nakagawa briefed Yao on the reform of administration and finance in Japan.

Nakagawa and other Japanese researchers have come here as guests of the Chinese Ministry of Foreign Economic Relations and trade.

FANG YI, JAPANESE ENVOY CUT RIBBONS FOR EXHIBIT

OW050129 Beijing XINHUA Domestic Service in Chinese 1216 GMT 2 Jul 86

[Excerpts] Beijing, 2 Jul (XINHUA) -- A "Joint Exhibition of the Oriental Art Interchange Society and the Japanese Southern Painting Art Academy" opened at the Chinese Art Gallery today. State Councillor Fang Yi and Japanese ambassador to China Yosuke Nakae cut ribbons at the opening ceremony. Also present at today's opening ceremony were Huang Zhen, Wu Zuoren, Liu Kaiqu, Li Keran, Wu Guangzhou, and Shao Yu, as well as members of the Japanese Southern Painting Art Academy. This academy donated 100 exquisite picture frames for the exhibition.

EC COMMISSION PRESIDENT DELORS CONTINUES VISIT

Hosts Return Banquet

OW040912 Beijing XINHUA Domestic Service in Chinese 1635 GMT 3 Jul 86

[Text] Beijing, July 3 (XINHUA) -- Jacques Delors, president of the Commission of the European Community (EC), said here today that he has seen for himself the unique road of development China has taken. "What is valuable is that such a unique model is accompanied by the country's further opening of its doors. The road China has taken will make its mark on our times" he said.

Delors made these remarks at a return banquet he hosted in honor of acting Chinese Premier Wan Li, here this evening.

Delors praised the Chinese leaders for their wise, realistic and generous views on the world. He said that the EC and China have a common goal, i.e., the pursuit of peace and development, which demand the greatest efforts from the people and coordinated work by the EC and China. He expressed the wish that his visit would become a landmark on the road of cooperation between the EC and China.

In reply, Wan Li said that Delors had sincere and friendly meetings and talks with Chinese leaders and officials. The two sides share the same or similar views on many major international issues. "The two sides, sharing a common desire to deepen bilateral relations, have made useful explorations in this respect," he added.

He said that Delors' visit has helped deepen the mutual understanding and given a new impetus to the growth of relations between China and the EC. He expressed the belief that through Delors' visit and joint efforts between the two sides, their friendly relations and cooperation would develop to a higher stage.

Also attending the banquet were Mrs Delors and the guests from the European Community who accompanied Mr Delors; Wu Xueqian, Chinese state councilor and foreign minister; Song Jian, state councilor and minister in charge of the State Scientific and Technological Commission; Zheng Tuobin, minister of the foreign economic relations and trade; and Zeng Tao, member of the NPC Standing Committee.

This afternoon, the Chinese People's Institute of Foreign Affairs hosted a report meeting for Delors, who gave a lecture entitled "A New Leap for Europe" to an audience of more than 600 from the ministries and commissions concerned of the State Council, research institutes, universities, and the press circles. Delors focused on the questions of why West Europe should unite and how to achieve unity. Han Nianlong, president of the institute, presided over the meeting.

At a press conference prior to the banquet, Delors said that he was deeply impressed by the Chinese leaders' determination to continue the reform with a wise and cautious attitude, fulfil the Seventh Five-Year Plan and reach the national goals set for the year 2000.

Holds Press Conference

HK031448 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1356 GMT 3 Jul 86

[Report: "China To Expand Cooperation With EC in Economic Affairs, Trade, and Nuclear Energy" — ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 3 jul (ZHONGGUO XINWEN SHE) -- Jacques Delors, president of the European Community's Executive Commission, said today in Beijing that China and the European Community share the same peace and development objectives and that they will expand cooperation in economic activities, trade, and nuclear energy.

He said the above this afternoon at the press conference after delivering a speech entitled "The New Take-off of Europe."

During his stay in Beijing, Delors met with Chairman Deng Xiaoping; Acting premier Wan Li; Vice Premier Li Peng; Foreign Minister Wu Xeqian; Song Jian, state councillor and minister of the State Science and Technology Commission; and Zheng Tuobin, minister of foreign economic relations and trade. Both sides look forward to expanding the cooperation between China and the European Community and they have decided on the following projects:

-- China will send a delegation to visit the European Community in 1986 and, if circumstances permit, they will reach an agreement on nuclear cooperation in 1987;

-- In 1988, they will organize the third Sino-EC trade week;

-- The European Community will give technical assistance to China in its exploitation of natural gas resources;

-- A symposium on investment in China will be held at an appropriate time;

-- The European Atomic Energy Community will provide China with some nuclear research equipment and facilities;

-- A European bilogical engineering research institute will be established in Beijing.

In addition, the European Community will also provide Chinese scientific workers with scholarships. According to Delors, Chinese and Europeans should increase their exchanges in the areas of education and vocational training in order to further consolidate the foundation for their cooperation.

Delors added: Europe's nuclear power plants are different from the Soviet Union's Chernobyl. The European Community will explain to China such safety measures as the materials for the outer shell of reactors and how to avoid accidents resulting from carelessness.

Wan Li Sees Delors Off to Xian

OW040844 Beijing XINHUA in English 0652 GMT 4 Jul 86

[Text] Beijing, July 4 (XINHUA) -- Jacques Delors, president of the Commission of the European Communities, his wife and their party left here this morning for a tour of Xian, capital of Shaanxi Providence.

Acting Premier Wan Li went to the Diaoyutai State Guesthouse to bid farewell to Delors. Liu Shan, chief of the Chinese mission to the European Committees Commission, is accompanying them to Xian.

Tours Xian, Welcomed At Banquet

OW041726 Beijing XINHUA in English 1551 GMT 4 Jul 86

[Text] Xian, July 4 (XINHUA) — Jacques Delors, president of the Commission of the European Community (EC), and his party inspected here today the terracotta horses and armored warriors excavated from locations near the tomb of China's first emperor, Qin Shi Huang.

Calling the exhibits one of the greatest wonders in the world, Delors wrote in the visitors' book his appreciation of the Chinese archaeologists for their work in restoring representative artistic works of the country. Delors and his party arrived here earlier today from Beijing. They were welcomed at a banquet given by Li Qingwei, governor of Shaanxi Province, in the evening.

Li told Delors that his province has already started economic cooperation with EC and welcomes more entrepreneurs from EC member countries to come for cooperation.

Concludes Visit, Departs

OW051436 Beijing XINHUA in English 1421 GMT 5 Jul 86

[Text] Beijing, July 5 (XINHUA) — Jacques Delors, president of the Commission of the European Communities, Mrs Delors and their party left here for Europe this evening after concluding an official visit to China. They returned to Beijing this afternoon from Xian where they visited a university and a plant in the morning.

ITALIAN PRESIDENT RECEIVES PRC CONGRESS LEADER

OW051806 Beijing XINHUA in English 1513 GMT 05 Jul 86

[Text] Rome, July 5 (XINHUA) — Italian President Francesco Cossiga received vice-chairman of the Standing Committee of the Chinese National Congress Huang Hua here this morning.

During their meeting, Huang conveyed greetings from the Chinese leaders to the president, who asked Huang to convey his best wishes to the Chinese leaders.

Chinese Ambassador to Italy Du Gong was present at today's meeting, and the conversation focused on bilateral relations.

Huang is here to attend an international conference, entitled "Dialogue Is the Universal Basis for Peace," which is jointly sponsored by the Italian Foreign Ministry and the Rome City Government. Earlier, Huang held talks with vice prime minister of the Italian caretaker government Arnaldo Forlani.

PRC URGES IMPROVED NORTH-SOUTH RELATIONS

OW040142 Beijing XINHUA in English 0131 GMT 4 Jul 86

[Text] Rome, July 3 (XINHUA) -- China is ready to join hands with other countries at all levels in bettering North-South relations, Chinese Deputy State Councillor Huang Hua said here today.

Speaking at an international conference for increased dialogue and cooperation between nations, Huang pointed out that North-South dialogue has reached an impasses in recent years because the United States and other developed countries are unwilling to make compromises on a number of important issues. The Soviet Union, on the other hand, has not offered much help to developing countries either, although it expresses concern over the difficulties faced by them, he said.

The Chinese official suggested that North-South dialogue should cover such topics as how to raise the prices of traditional products for export such as petroleum, how to help developing countries promote their resource-rich national economy, how to provide them with more financial aid and technology transfers and how to prevent developed nations from resorting more and more to protectionism.

The three-day international conference, which opened, Wednesday, was organized by the Rome City Council as part of United Nations Peace Year. It is being attended by representatives from about 40 countries.

QIAO SHI MEETS ITALIAN COMMMUNIST PARTY GROUP

OW031412 Beijing XINHUA in English 1351 GMT 3 Jul 86

[Text] Beijing, July 3 (XINHUA) -- Qiao Shi, member of the Political Bureau and Secretariat of the Central Committee of the Communist Party of China, met and feted here this evening a cadres' delegation from the Italian Communist Party. The delegation is led by Gianni di Pietro, member of the Central Committee of the Italian Communist Party.

During the meeting, Qiao and Pietro expressed satisfaction with the development of relations between the two parties. Pietro said that the two parties have maintained good relations because they both follow the principle of independence, treat each other with sincerity and make no bones about their common points and differences. Qiao expressed the wish to further relations between the two parties.

QIAO SHI PRAISES PAVAROTTI BEIJING CONCERT

OW041718 Beijing XINHUA in English 1539 GMT 4 Jul 86

[Text] Beijing, July 4 (XINHUA) -- The world-renowned Italian tenor, Luciano Pavarotti, overwhelmed his Beijing audience with his golden voice at his second solo concert here tonight, bringing his visit to a climactic end. The concert was moved from the hall of the Beijing Exhibition Center to the 100,000-seat Great Hall of People to meet the demand of the local music lovers, making Pavarotti the first foreign tenor to give his solo recital in the 27-year history of the hall.

Vice-Premier Qiao Shi and other senior Chinese officials joined the audience, many of whom came specially to hear Pavarotti from other parts of the country.

Accompanied by the orchestra and chorus of the theatre opera of Genoa, Pavarotti sang in excellent bel canto works by Puccini, Verdi, Donizetti, and others as well as Italian songs tonight. His charming voice and fascinating performance won long-standing ovations from the audience. At the end of the performance, Qiao Shi and other leaders mounted the stage to congratulate Pavarotti on his success.

Pavarotti thanked the Chinese leaders for having given him the honor to hold the recital in the Great Hall of the People. "Both Italy and I will never forget the great audience here," he said.

Qiao said, "Your superb performance, which has won the hearts of the Chinese audience, has made a great contribution to the cultural exchanges between our two countries."

The world-famous tenor's visit has sparked a "Pavarotti fever" in China. For days his performances were kept an exceptionally grand occasion in the capital and tickets were sold out well in advance. It is estimated that some 20,000 musicians and music lovers attended the superstar's two solo recitals and 3 of the 5 performances of the opera, "La Boheme", in which he played the leading role of Rudolfo, presented by the Theatre Opera of Genoa.

In addition, mass media in and outside Beijing have given wide and detailed coverage to Pavarotti's performance and visit in the city. Chinese vocalists lavished praises on Pavarotti in newspapers.

Tonight's recital was broadcast and televised live across China.

Artists of the Theatre Opera of Genoa left here for home at midnight while Pavarotti and his family stay behind to tour other parts of China.

TURKISH NEWS AGENCY ON ZHAO ZIYANG'S VISIT

OW060125 Beijing XINHUA in English 2348 GMT 5 Jul 86

[Text] Ankara, July 5 (XINHUA) — The forthcoming visit of Chinese Premier Zhao Ziyang to Turkey "will push the existing Turkish-Chinese relations of friendship to a new height", said Turkey's official ANATOLIA NEWS AGENCY today.

ANATOLIA announced that the Chinese premier will pay an official six-day visit to Turkey from July 17 to 23, during which the premiers of the two countries will discuss bilateral relations and regional and international issues with the development of their economic and trade relations as the major topic.

The annual volume of trade between the two countries was 48 million U.S. dollars in 1984 but increased to 100 million in 1985 after Turkish Premier Turgut Ozal's visit to China last year, ANATOLIA said.

Premier Zhao's forthcoming visit to Turkey will be his first visit to the country to reciprocate Premier Ozal's visit to China in June last year, ANATOLIA said.

FURTHER REPORTAGE ON ZHAO'S EUROPE-AFRICA TOUR

Welcomed by SFRY Leaders

OW061739 Beijing XINHUA Domestic Service in Chinese 1038 GMT 6 Jul 86

[By reporters Yang Dazhou and Li Daijun]

[Text] Belgrade, 6 Jul (XINHUA) — Premier of the PRC State Council Zhao Ziyang arrived in Belgrade, the capital of Yugoslavia, this morning to start a 4-day official goodwill visit to that country at the invitation of Branko Mikulic, president of the SFRY Federal Executive Council.

Premier Zhao Ziyang was welcomed at the airport by Yugoslav Premier B. Mikulic.

In a written statement at the airport on his arrival, Premier Zhao Ziyang said that he was very happy to have the opportunity to visit Yugoslavia. He said: Sino-Yugoslav friendly cooperative relations have been developing smoothly in all fields in recent years. Through frequent exchange of visits between high-ranking leaders of the two parties and the two countries, China and Yugoslavia have expanded cooperation in political, economic, scientific and technological, and cultural fields, and strengthened cooperation in international affairs.

Zhao Ziyang stressed that the Chinese Government has attached great importance to the bilateral friendly cooperative relations based on the principles of independence, equality, and noninterference in each other's affairs, and will make further efforts to promote long-term, stable and comprehensive development of the ties.

The Chinese premier also said that during his stay in Yugoslavia, he will exchange views with Yugoslav leaders on international issues of mutual concern, and they will jointly explore concrete ways to further develop bilateral relations. He said that he will be interested in understanding Yugoslavia's experience in building socialism in a creative manner and based on the actual situation in the country. In conclusion, he extended heartfelt respects and cordial greetings on behalf of the Chinese people to the people of all nationalities in Yugoslavia.

Accompanying Zhao Ziyang on the visit to Yugoslavia are Lu Dong, minister of the State Economic Commission; Qian Qichen, vice minister of foreign affairs; Wang Pinqing, vice minister of foreign economic relations and trade; Bao Tong, vice minister of the State Commission for Restructuring the Economic System; and Xie Li, Chinese ambassador to Yugoslavia.

Premier Zhao Ziyang and his entourage were also greeted at the airport by officials and staff members of the Chinese Embassy in Yugoslavia and by representatives of Chinese students there.

Yugoslav leaders welcoming Premier Zhao Ziyang and his entourage at the airport included Desimir Jevtic, president of the Executive Committee of the Serbian Republic Assembly; Milos Milosavljevic, vice president of the Federal Executive Council; Ibrahim Tabakovic, member of the Federal Executive Council; Boris Muzevic, executive secretary of the LCY Central Committee; Aleksandar Bakocevic, president of the Belgrade City Assembly; Budimir Loncar, deputy federal secretary for foreign affairs; and Zvone Dragan, Yugoslav ambassador to China.

Visits Tomb of Josip Tito

OW061242 Beijing XINHUA in English 1218 GMT 6 Jul 86

[Text] Belgrade, July 6 (XINHUA) — Visiting Chinese Premier Zhao Ziyang laid a flower bouquet at the tomb of the late Yugoslav President Josip Broz Tito this morning shortly after his arrival here. At the memorial center of "Josip Broz Tito", Premier Zhao wrote in the visitors' book, "Salute to Comrade Josip Broz Tito — a great Marxist and great friend of the Chinese people".

The flower bouquet was inscribed with "To Great Marxist Comrade Josip Broz Tito". The tomb was located in the residence where President Tito used to work and stay.

Prior to the visit, Premier Zhao laid a wreath at the Monument to Unknown Heroes, at Avala Hill, which was inscribed with "Eternal Life to Heroes Who Dedicated Their lives to the Fredom of Various Nationalities of Yugoslavia".

Premier Zhao Ziyang arrived here this morning for a five-day official visit to Yugoslavia, which is the second leg of his six-nation tour.

Holds Talks With SFRY Premier

OW062030 Beijing XINHUA in English 2015 GMT 6 Jul 86

[Text] Belgrade, July 6 (XINHUA) -- Chinese and Yugoslav premiers today hailed what they described as the very friendly, cooperative and all-round relations between their countries. The remarks were made at the first round of official talks between Chinese Premier Zhao Ziyang and his Yugoslav counterpart Branko Mikulic here this afternoon shortly after Zhao's arrival on an official goodwill visit to Yugoslavia.

A Chinese Foreign Ministry Information Department official described the talks as "proceeding in a cordial and friendly atmosphere." The Chinese official said Mikulic told his guest that his country attaches special importance to its relations with China. There are no obstacles in the way of developing an all-round relationship between the two countries, he said, while expressing the belief that Zhao's visit would help further Yugoslav-Chinese friendly, cooperative and all-round relations.

Premier Zhao termed Sino-Yugoslav relations as "very friendly" and said the present time was one of the best periods for these relations to grow most smoothly, according to the Chinese official. Zhao told his host that the Chinese Communist Party and Government cherish most dearly the all-round and friendly cooperation with Yugoslavia. He said he hopes that bilateral relations will continue to develop on a long-term and stable basis.

The two premiers briefed each other on the economic development and the progress of reform in their respective countries. The Chinese official said Premier Zhao "heartily" wished Yugoslavia greater successes on its way forward as guided by the principles set at the 13th Congress of the League of Communists of Yugoslavia, which was held late last month.

The Chinese premier praised Yugoslavia as the forerunner of reform. Its experience as well as its lessons drawn from practice are beneficial to China, which pays great attention to Yugoslavia's experience in socialist construction and reform, Zhao said.

The Yugoslav premier noted that China's experience in reform was of great value to his country. The two leaders agreed to increase the regular exchange of experience.

They also had an in-depth exchange of views on ways to further the economic, trade, scientific and technological cooperation between the two countries.

After reviewing what the Chinese official called the close cooperation between China and Yugoslavia in international affairs, the two leaders said they will exchange views more frequently and collaborate more closely in the future so as to bring their overall cooperation to a new height.

Premier Zhao said that both China and Yugoslavia pursue an independent foreign policy and adhere to the five principles of peaceful coexistence. "You uphold the principle of non-alignment while China refuses to enter into alliance with any big powers or groups of states," Zhao said, according to the Chinese official.

SFRY's Mikulic Fetes Zhao

OW070014 Beijing XINHUA in English 2336 GMT 6 Jul 86

[Text] Belgrade, July 6 (XINHUA) -- China and Yugoslavia today pledged to cement the stable, all-round friendly relations of cooperation between the two countries and work together to maintain world peace and promote common progress.

This pledge was made by Chinese Premier Zhao Ziyang and Yugoslav Federal Executive Council President Branko Mikulic at a banquet here this evening.

The Chinese premier arrived here this morning on an official good-will visit to Yugoslavia following a five-day visit to Romania. This is the second leg of his Balkan-Mediterranean tour.

Speaking at the banquet he gave in Zhao's honor, Mikulic described Zhao's visit as "being of major importance" in advancing the relations and cooperation between Yugoslavia and China, which "have developed most smoothly" and pioneered "a new road to peace, understanding, mutual support and a bright future for the world."

"True revolution and its fruit and the aspirations and determination to follow their respective roads in building socialism in light of specific conditions and needs have tied Yugoslavia and China closely together," Mikulic said. "The relations of the two countries have entered into a new stage of active and all-round cooperation since the visit to China by the late Yugoslav President Tito," he noted, adding that the frequent exchange of visits by high-ranking officials of the two countries have further promoted mutual understanding and consolidated such relations.

He said that Yugoslavia "is watching closely the reforms of far-reaching significance carried out by the People's Republic of China in light of its special conditions and experiences and the achievements in its socialist construction."

In his speech, Premier Zhao expressed appreciation of the achievements made by the Yugoslav people in all domains of social life by sticking to the Tito road, carrying forward the glorious revolutionary tradition and pioneering a spirit to overcome all kinds of difficulties.

He reviewed the outstanding contributions made by the Yugoslav people in the anti-fascist struggle during the Second World War and its ensuing creative efforts to pioneer a new socialist system of self-government by applying the basic principles of Marxism to the specific conditions of the country and standing up to extremely big pressures for outside. "The Chinese people are greatly inspired and benefited by the achievements and experience of the Yugoslav people in persisting in principle and defending independence and in emancipating the mind to push forward with reforms," Zhao said.

The Chinese premier expressed satisfaction with the continued development in the all-round relations of friendship and cooperation between China and Yugoslavia. "The two countries are not only identical or similar in their views on a series of major international issues but also have common language in an extensive area with regard to socialist construction and development," he stressed.

He called for common efforts by the people of the two countries to make their solidly based friendship and cooperation more fruitful. The Chinese premier also expressed the wishes that the Yugoslav people would make greater, new achievements in socialist construction under the guidance of the spirit of the 13th Congress of the Communist League of Yugoslavia, which he described as "of major historic significance."

Zhao Addresses Banquet

OW070016 Beijing XINHUA in English 2352 GMT 6 Jul 86

[Text] Belgrade, JKuly 6 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang today voiced a strong support to the Non-Aligned Movement and wished the coming eighth summit of the non-aligned states a success.

Speaking at a banquet given in his honor by Yugoslav Federal Executive Council President Branko Mikulic here this evening, Zhao paid high tribute to the Non-Aligned Movement, of which Yugoslavia is one of the founding members. This year marks the 25th anniversary of the founding of the Non-Aligned Movement.

The Chinese premier expressed appreciation of the just stand of Yugoslavia and other non-aligned countries on the settlement of issues in the hot spots of the world. He said that the Non-Aligned Movement is an important element in safeguarding world peace and promoting international economic development because "it reflects the desire of the people of various countries for independence, peace and development."

Premier Zhao expressed the hope that the eighth non-aligned summit to be held in Harare, Zimbabwe, in late August would make new contributions to advancing the movement's fundamental purposes, strengthening its unity and promoting its development.

Spelling out China's independent foreign policy of peace, Premier Zhao said that its basic principles are identical with the purpose of the Non-Aligned Movement. "We need peace," he said. "We shall always persist in maintaining independence and holding the initiative in our own hands and in no circumstances shall we form alliance with any of the superpowers."

Zhao said that China resolutely opposes hegemonism from anywhere, adding that China maintains that all nations, big or small, are equals and that they should respect each other and that China opposes interference in other countries' internal affairs and encroachment upon other nations' sovereignty under any pretext.

He reiterated China's approach to the current international situation and its development trend, that is, the danger of war still exists as a result of the escalation of contention and arms race between the world's superpowers. But, he said, the forcces to maintain peace are also growing and so are the factors to restrict the outbreak of a war. "So long as the people of the world unite, persist in struggle, there is great hope of maintaining world peace," he stressed.

Premier Zhao said that China will, as always, work together with Yugoslavia, other non-aligned countries and all peace-loving countries and peoples to maintain world peace and promote common development.

Zhao arrived here this morning on the second leg of his six-nation Balkan and Mediterranean tour, which will also take him to Greece, Spain, Turkey and Tunisia. He wound up his five-day Romania visit yesterday, with a press communique expressing the determination of the two countries to further develop their all-round cooperation in both socialist construction and in international affairs.

Mikulic Addresses Banquet

OW070048 Beijing XINHUA in English 0013 GMT 7 Jul 86

[Text] Belgrade, July 6 (XINHUA) -- Detente should be universal in terms of both its essence and the areas it covers, Branko Mikulic, president of the Yugoslav Federal Executive Council, said today.

Welcoming Chinese Premier Zhao Ziyang at a banquet this evening, Mikulic said that without a universal detente it would be impossible to have true world peace and security. The president praised China's foreign policy of independence and peace, saying that it is a tremendous contribution to developing international relations, extensive cooperation on the basis of equality, easing the tense international situation and achieving lasting world peace and progress.

"We are urgently in need of some countries and people who will pioneer a new road, a road to peace, understanding, mutual support and a brighter future," he said. The Yugoslav leader expressed deep concern over the old and new points of crisis in the world.

He called attention to the increasing militarization of the Mediterranean and interference and conflicts in the region caused by outside forces. The president said that Yugoslavia firmly supports the proposal to make the Balkans a peaceful, safe, cooperative region free from nuclear weapons.

He noted that settling problems through peaceful means, developing relations of mutual trust and strengthening international cooperation on the basis of equality are pre-requisites to maintaining peace.

He strongly condemned the South African regime for its "atrocities" against the majority population of the country and neighboring countries.

He urged Israel to withdraw its troops from all Arab territories so as to ensure the rights of the Palestinian people to self-determination and to build an independent nation.

The president regretted that the war between the two non-aligned countries of Iran and Iraq was worsening, adding that he would support any peace proposal aimed at ending the bloodshed.

He also voiced support for Democratic Kampuchea and the Democratic People's Republic of Korea in its efforts for peace and reunification.

Mikulic described economic crisis, which jeopardize all countries, the developing countries in particular, as the "root cause of tension and instability of the world...debt issues constitute the most direct threat to development and stability of many countries." "Only by ensuring a continued progress of developing countries, is it possible to solve this problem," he said.

Mikulic said that the summit of non-aligned countries, which opens in Harare, Zimbabwe, in late August, will mark an important stage in the Non-Aligned Movement and policies and will give a new impetus to the further acknowledgement of the Non-Aligned Movement and policies in the international arena.

Visits Belgrade Military Museum

OW071146 Beijing XINHUA in English 1131 GMT 7 Jul 86

[Text] Belgrade, July 7 (XINHUA) — Chinese Premier Zhao Ziyang today highly praised the Yugoslav people for their bravery and courage in the armed struggle against outside aggression.

He made the comments here this monring during a tour of the military museum, which preserves exhibits depicting the 1,400-year history of the Yugoslav people's heroic struggle.

The Chinese premier viewed with special interest the modern history hall, where exhibits and pictures are displayed on the armed struggle waged by the Yugoslav Communists and people under the leadership of the late President Josip Broz Tito during World War II. Zhao was given an account of several big war campaigns led by Tito.

"Salute to the heroic Yugoslav people of all nationalities and the courageous Yugoslav People's Army" Premier Zhao wrote in the visitors' book at the end of the tour.

Later on, the Chinese premier visited the Yugoslav railway community (the Federal Authority of Railway Transport) where he was briefed on the country's railway network and the operations of the railway community.

Yugoslavia boasts a national railway network of about 10,000 kilometers, of which one-tenth are double-track lines, and one-third are electrified.

Meets LCY President Renovica

OW071515 Beijing XINHUA in English 1438 GMT 7 Jul 86

[Text] Belgrade, July 7 (XINHUA) -- Milanko Renovica, president of the Presidency of the League of Communists of Yugoslavia (LCY), met with visiting Chinese Premier Zhao Ziyang here this morning and gave a luncheon in his honor.

A Chinese Foreign Ministry official described the two-hour meeting as "very cordial and friendly." He said that during the meeting, the two leaders exchanged views on socialist construction in their respective countries and on international issues of common concern.

The new LCY president said that Yugoslavia, which has been following closely the efforts made by the Chinese Communist Party in building socialism in light of China's specific conditions, is elated at every success China has scored.

Renovica was elected president of the LCY Presidency at its 13th congress late last month.

The 58-year-old lawyer from the city of Sarajevo described the relations between the parties of China and Yugoslavia as "growing steadily", especially since the visit to China by late President Josip Broz Tito.

Renovica briefed Zhao, who is also member of the Standing Committee of the Political Bureau of the Chinese Communist Party, on the 13th LCY Congress and the measures Yugoslavia plans to take to perfect the political system, develop the economy and strengthen LCY's roles, the Chinese Foreign Ministry official said.

Renovica also emphasized the important role of the Non-Aligned Movement in safeguarding world peace.

Premier Zhao spoke highly of the major policy decisions taken by the LCY at its 13th congress and wished the Yugoslav party greater success in implementing these decisions, the Chinese official said.

Both President Renovica and Premier Zhao attributed the good relationship between the Chinese and Yugoslav parties primarily to their observance of the principles of independence, total equality, mutual respect and non-interference in each other's internal affairs.

This is the second day of Premier Zhao's visit to Yugoslavia. This morning the premier visited the military museum and the Yugoslav railway community.

This afternoon, Chinese Minister in Charge of the State Economic Commission Lu Dong and Vice Foreign Minister Qian Qichen will hold separate talks with their Yugoslav counterparts.

Interviewed for SFRY TV

OW080142 Beijing XINHUA in English 0125 GMT 8 Jul 86

[Text] Belgrade, July (XINHUA) — Visiting Chinese Premier Zhao Ziyang said today that China is willing to develop normal relations with all countries on the basis of the five principles of peaceful co-existence.

He told reporters from Belgrade television this evening that frequent visit to Europe by Chinese leaders does not mean that China is neglecting its relations with other countries. "China attaches much importance to developing relations of friendship and cooperation with other friendly countries, especially the Third World countries," he stressed.

He said that China recognizes the big role of Europe. He told reporters that in recent years high-ranking Chinese officials have visited many Third World countries, and he himself will visit Turkey and Tunisia on his current Balkan-Mediterranean tour.

China, he noted, is also willing to improve and develop relations with the Soviet Union.

The premier described his first two days here as "very fruitful," and said his meeting with Milanko Renovica, president of the League of Communists of Yugoslavia, and Premier Branko Mikulic proceeded in a "sincere and cordial" atmosphere.

He told Belgrade television that China and Yugoslavia have identical or similar feeling about a host of major international issues and share views on socialist construction and economic reforms. Relations between the two countries, he noted, are already developed at a high level, and under the guidance of the principle of mutual respect, trust, support and learning, their friendly and cooperative relations are sure to have a bright future.

During the interview, Premier Zhao Ziyang reiterated China's stand on the arms race and arms reduction, saying that people should make common efforts to have the two superpowers sit down at the negotiation table and work earnestly for a agreement on arms reduction that will not jeopardize the interests of a third country.

He told the reporters about the progress of China's all-round economic reforms and stressed that China has introduced reforms after summing up the experience and lessons of the past three decades and by drawing on the experience of Yugoslavia. These reforms have a solid base and popular support and therefore are irreversible, he stressed.

WANG ZHEN MEETS VISITING ROMANIAN DELEGATION

OW071412 Beijing XINHUA in English 1349 GMT 7 Jul 86

[Text] Beijing, July 7 (XINHUA) -- Wang Zhen, vice-chairman of the Chinese Communist Party (CPC) Central Advisory Commission and president of the party school of the CPC Central Committe, met and feted a Romanian delegation here today.

Members of the delegation are Paun Bratu, alternate member of the Romanian Communist Party Central Committee and vice-rector of the "Stefan Gheorghiu" Academy and Barbu Petrescu, member of the Romanian Communist Party Central Committee and director-general of the Central Institute of Economy.

The Romanian guests have visited Guangzhou and Xian. They are scheduled to leave for home tomorrow.

WORK GROUPS TO HELP POOR MOUNTAINOUS AREAS GET RICH

OW070221 Beijing XINHUA Domestic Service in Chinese 1548 GMT 3 Jul 86

[By reporter Zhou Yichang]

[Excerpts] Beijing, 3 Jul (XINHUA) -- The State Scientific and Technological Commission has organized a work group for the economic development of impoverished areas to give special assistance to the Dabie mountainous area in carrying out development and construction. The party group of the State Scientific and Technological Commission held a meeting this afternoon to send off the members of the group.

Addressing the send-off meeting, Song Jian, councillor and director of the State Scientific and Technological Commission, called on the group members to work with local cadres in the impoverished areas in further publicizing the party's principles and policies among the peasants, in conducting education on modern scientific knowledge among them so as to enable them to understand the concept of commodity economy as soon as possible; to help the peasants formulate or decide on plans for scientific and technological development on the basis of investigation and study and launch various forms of lateral economic associations; and to develop the Dabie mountainous area by hiring specialists and experts to train technological personnel in order to first help the people in that area solve the problem of food and clothing before striving for prosperity.

In order to develop impoverished areas, in April of this year, Song Jian led a survey group to carry out investigations and study in eight counties of the Dabie mountainous area, while the party group of the State Scientific and Technological Commission held special discussions on how to develop impoverished ares and sent four survey groups to Taihangshan, Yimengshan, "Sanxi" (Ningxia's Xihaigu, Gansu's Dingxi, and Hexi Corridor) areas, and Henan to learn from these areas' experiences in assisting impoverished areas through science and technology.

RENMIN RIBAO Commentator's Article

HK080149 Beijing RENMIN RIBAO in Chinese 4 Jul 86 p 1

[Commentator's article: "Go Deep Into Poor Areas To Help Work There"]

[Text] Over the past 2 years, party and government organs and mass organizations in many areas have selected and dispatched cadres and scientific and technological personnel to go deep into poor areas to help work there. This is not only advantageous to economic development in poor areas, but also can help improve the work style of administrative organs, strengthen ties between the party and the masses, train and temper cadres, and strengthen the building of administrative organs. The action taken by the State Science and Technology Commission to dispatch cadres to help with economic development in poor areas and to send cadres to settle down in the Dabie mountainous area to help economic development and construction has won encouragement and support from leading comrades of the CPC Central Committee and the State Council and evoked warm reactions from cadres and masses in Dabie Shan.

Solving the problem of providing enough food and clothes for the masses in most post poor areas is an important strategic plan of the CPC Central Committee and the State Council. To fulfill this plan, it is necessary to mobilize the forces of the whole society.

Party and government leading organs at all levels, leading organs of the CPC Central Committee and the State Council in particular, must set an example in this respect. One of the ways of helping poor areas is that a ministry or a state commission establishes key ties with a poor area and helps the area in getting rid of poverty. The aim of encouraging this practice is to advocate the spirit of caring about poor areas and a practical attitude, and to encourage all departments and systems to select and decide on effective forms according to their own characteristics and conditions, so as to establish as many ties as possible with poor areas and to do more practical things in a planned way and step by step.

Leading organs establishing key ties to help poor areas does not mean their partiality regarding the areas, nor does it mean that the dispatched comrades will replace local party and government leaders and take everything into their hands. The main task of the work teams in charge of economic work in poor areas is, under the unified leadership of the local party committees and governments, to propagate and implement the party's policies, to conduct investigation and study, to help sum up experience, to properly carry out reform, and to unleash the latent power of poor areas.

The practice of the State Science and Technology Commission in establishing key ties with Dabie Shan is a new attempt. We wish comrades of the work team to be sent to Dabie Shan success.

CIRCULAR CONTROLS EXTRABUDGETARY FUNDS

HK050822 Beijing JINGJI RIBAO in Chinese 23 Jun 86 p 1

[Report: "The State Council Issues a Circular on Strengthening Control Over Extrabudgetary Funds"]

[Text] The State Council recently issued a circular calling on all areas and departments to seriously strengthen control over extrabudgetary funds, to maintain an overall balance of social funds, and to bring into full play the role of extrabudgetary funds in economic construction.

The "circular" says that over the past few years, along with the reform of the economic structure and the development of production, there has been a great increase in extrabudgetary funds. The total amount of extrabudgetary funds in 1985 was estimated at some 140 billion yuan, about 81 percent of the budgetary revenue. These funds played an active role in enlivening enterprises, developing lateral economic ties, and promoting economic and social development. However, due to the unsound management system and lax financial discipline, quite a few problems still exist in the control and use of funds. First, some units charged fees under all sorts of names and changed budgetary revenue into extrabudgetary revenue or even treated the funds as their own "wealth." Second, some areas, departments, and units used extrabudgetary funds to develop without authorization projects not covered by plans, and blindly expended the size of fixed assets investment. Third, some funds for specified purposes have not been properly used. For example, funds for developing production have been misappropriated for issuing bonuses, material objects, and for welfare. All these are important reasons for expansion of the fixed assets investment size and consumption funds.

The "circular" points out that extrabudgetary funds are funds not covered by state budget which all areas, departments, and units can draw and use of their own accord in accordance with the relevant stipulations of the state. The specific items of extrabudgetary funds are decided by the Ministry of Finance.

The scale charges, proportions of withdrawing and retaining, and scope and scale of expenditure of all extrabudgetary funds should be carried out in accordance with the stipulation of the State Council and Ministry of Finance. Funds assigned by the state for specified purposes must be used properly and must not be used for other purposes. Except for specific stipulations made by the State Council and the Ministry of Finance, all areas, departments, and units have the right to arrange extrabudgetary funds of their own accord and in accordance with the relevant stipulations of the state. No area or department is allowed to transfer funds of other areas and departments under the excuse of equalitarianism.

The "circular" demands that the use of extrabudgetary funds in capital construction be strictly controlled and be reported to higher authorities for approval according to relevant procedures. Basic depreciation funds must be used in replacement and transformation of fixed assets enterprises, and must not be used in capital construction. Welfare funds, reward funds, and wage increase funds of staff and workers must be withdrawn according to the proportions set by financial, labor and personnel, and responsible departments. These funds must be promptly used after their withdrawal, and bonus tax and wage regulatory tax must be paid according to regulations. No unit is allowed to use extrabudgetary funds for developing production and other undertakings to issue bonuses, material objects, and subsidies.

The "circular" says that all areas and departments may manage extrabudgetary funds in different ways on the premise that the funds' ownership remains unchanged. In principle, the extrabudgetary funds of institutions and administrative units must be handled by financial departments in such forms as opening special bank accounts, carrying out planned management, conducting financial examination, and exercising banking supervision. In principle, the extrabudgetary funds of state-run enterprises and their responsible departments must be handled in the ways of planned management and policy guidance, and must not be handled by financial departments in the way of special bank accounts. All areas and departments can decide on specific management forms in connection with practical situations.

In conclusion the "circular" demands that governments at all levels bring revenue and expenditure plans of extrabudgetary funds onto the track of overall financial and credit plan, and maintain an overall balance so as to properly guide social financial resources. Planning, financial, and banking departments at all levels must guide and supervise the use of extrabudgetary funds according to the principles and policies of the state and requirement of macroeconomy, and assist responsible departments and units in properly using funds. Financial departments and banks at all levels must often check the implementation of revenue and expenditure plans of extrabudgetary funds, correct mistakes if found, and report the situation to higher authorities. Auditing organs at all levels must strengthen auditing supervision on extrabudgetary funds. Those who practice fraud and hold back and transfer funds must be punished according to financial discipline.

JINGJI RIBAO Editorial

HK050914 Beijing JINGJI RIBAO in Chinese 23 Jun 86 p 1

[Editorial: "Persist in Earmarking a Fund for Its Specified Purpose, Strengthen Macroeconomic Control"]

[Text] Extrabudgetary funds have increased sharply along with the reform of the economic structure over the past few years. The total amount of extrabudgetary funds in the country in 1985 was estimated at 140 billion yuan. If properly used, such a huge sum could become an important financial resource of the country.

Otherwise, it could result in the failure of macroeconomic control and jeopardize the overall balance and coordinated development of the national economy.

Practice has proved that to properly control and use extrabudgetary funds, we must have a series of effective measures. The State Council recently issued a "Circular on Strengthening Control Over Extrabudgetary Funds." On the basis of making a serious analysis of the current stuation in control over extrabudgetary funds, it sums up the experiences achieved by all areas and development in exercising control over extrabudgetary funds, affirms some effective management forms that all areas have created in practice, and makes clear the policies, principles, and requirements for strengthening extrabudgetary funds in the future. Therefore, implementation of the "circular" will vigorously promote the management of extrabudgetary funds.

The most essential aim in strengthening control over extrabudgetary funds is to ensure their use in accordance with rules and to improve economic results. In particular, the specified funds of enterprises must be chiefly used in their self-transformation and self-development. To ensure the proper use of funds, the "circular" of the State Council reaffirms the principle of earmarking a fund for its specified purpose in the use of extrabudgetary funds. Implementing this principle will ensure the specified use of funds, help to bring into play the rule of extrabudgetary funds, and raise the efficiency of funds.

According to their own concrete conditions, some areas and departments have adopted different methods in the control over extrabudgetary funds over the past years. Some methods have been proved effective in practice. For example, some areas have adopted the method of financial departments opening special bank accounts, carrying out planned management, controlling financial approval, and conducting banking supervision in handling extrabudgetary funds of institutions and administrative units. While not affecting the ownership of the funds, this can control unreasonable expenditures. The State Council "circular" affirms this management method, and treats it as a principle governing the use of extrabudgetary funds of institutions and administrative units. Our experience over the past few years has proved that with only financial regulations made by individual areas and departments on the use of several extrabudgetary funds and without a unified management method, it is difficult to properly control extrabugetary funds.

The macreoeconomic control of extrabudgetary funds must be conducted on the basis of formulating an overall financial plan. At present, extrabudgetary funds are equivalent to over 890 percent of budgetary expenditures. If we pay attention only to budgetary expenditures and ignore the huge sum of extrabudgetary funds in the course of formulating overall economic plans, we will find it difficult to maintain an overall balance of the national economy. Therefore, we must bring extrabudgetary revenues under the overall financial plans, and treat them as a component of the overall financial plans. Only by maintaining an overall balance, is it possible to properly guide the use of extrabudgetary funds and to find a limit in macroeconomic control. For example, in making fixed assets investment, we must take into consideration the amount of budgetary expenditures, the amount of bank loans, and the amount of extrabudgetary expenditures, so as to maintain an overall balance. In appraising and deciding proportions of bonus of enterprises and institutions, we must take into consideration the relationship between the total wage amount and tax growth of national income, labor productivity, and the tax submitted by enterprises and to keep the growth rate of total wage amount lower than the growth rate of the national income, labor productivity, and the tax submitted by enterprises.

Extrabudgetary funds are scattered across the whole country. Without the vigorous support of governments at all levels and the close cooperation of all relevant departments, it is impossible for financial departments to properly control and use the funds. All departments must cooperate on their own initiative with financial departments in properly controlling and using extrabudgetary funds. Banks play an important role in supervising the use of extrabudgetary funds, as they directly control cash payment. Therefore, banks must play their functional rule, closely cooperate with financial departments, properly guide the use of extrabudgetary funds, and control unreasonable expenditures.

SLOWED DEVELOPMENT OF SPECIAL ECONOMIC ZONES VIEWED

HK031532 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1329 GMT 1 Jul 86

[Roundup by correspondent Zhao Wei: "China's Special Economic Zones Are 'Moving Uphill' With Difficulty"]

[Text] Beijing, 1 July (ZHONGGUO XINWEN SHE) -- The once widely-publicized "Shenzhen speed" has now been reduced. At present, China's special economic zones [SEZ] are in a new stage of development. They have begun to "move uphill" with difficulty.

Over the past 5 years or so since their establishment, the four special economic zones -- Shenzhen, Zhuhai, Shantou, and Xiamen -- which are regarded as four "windows" of the opening up policy, have made remarkable achievements. This can easily be seen merely from the large amount of investment made by foreign and Hong Kong and Macao businessmen in these zones, which reached some $1.17 billion during this period, about one-fifth of the total foreign investment absorbed by the mainland in the same period.

According to the requirements of the state, the development of these special economic zones has now been shifted from the first stage to the second stage of "establishing an export-oriented economic structure which combines both industry and trade, with the stress on the former." State Councillor Gu Mu compared this change to "moving uphill and climbing one story higher."

There are many obstacles on this new course. The first problem is a shortage of funds. As a result of the rapid swelling of the construction scope over the past 2 years, the debit balance of bank credit has greatly exceeded the permitted limit. Thus, the special economic zones, which are shifting their orientation of development, have to continue to restrain the scope of construction in order to concentrate their funds on the development of export-oriented industry. Shenzhen has issued a notice on ceasing and delaying the construction of 84 projects, concerning a total investment of 2.1 billion yuan. Zhuhai has reduced the investment in capital construction from more than 1,500 million to 650 million yuan this year. The SEZ builders have shifted their attention from building more new capital construction projects to increasing the economic returns of the enterprises that have already been built.

Another difficulty for the SEZs is to maintain a balance of foreign exchange. The export rates of the industrial products produced by these special economic zones last year were all below 50 percent, except for Shantou, which was over 60 percent. In order to get more foreign exchange, the special economic zones are now making great efforts to readjust the industrial structure, mainly to restrict the development of hotels, restaurants, and commercial buildings, which already exceed need, and to support the industrial enterprises which have adopted advanced technology and are capable of producing export commodities.

This year, while restraining, stopping, or delaying the construction of 69 projects, including multi-purpose buildings, office buildings, and large-scale shopping centers, Zhuhai signed 9 new joint-venture and cooperative projects with foreign firms in the first quarter, the investment in which amounted to more that $33 million. More that 70 percent of the products produced by these enterprises can be exported.

The strict control over foreign trade by government departments has added difficulties to the special economic zones, which are changing their orientation of development. Due to the overall implementation of the import and export quota and permit licensing systems, and the difficulties in selling their products on the domestic market, the production many enterprises in the special economic zones, including Chinese-foreign joint ventures, cooperative enterprises, and those solely run by foreign capital, has been affected. the growth rate of Shenzhen's industrial output value reduced from an average of 115 percent in the past 5 years to a bit over 1 percent at the beginning of this year.

Although the speed has been reduced, the development of the special economic zones has not ceased. As a result of the effective control of the scope of capital construction, the economic situation has been relaxed. In may, the debit balance of bank credit was reduced by more than 510 million yuan compared with the beginning of the year, the growth rate of the industrial output value was raised to above 4 percent, and foreign exchange earnings increased by 16 percent over the same period of last year.

Investors for Hong Kong, Macao, and from other countries have not lost their confidence in the special economic zones. Every day more than 30,000 businessmen come to Shenzhen for trade talks. In Xiamen, all the unoccupied factory buildings in the Huli Industrial Area were rented out or sold in March. In Shantou, the sales income of foreign-invested enterprises in the first 4 months increased by 200 percent over the same period of last year.

Chinese leaders have attached great importance to the difficulties facing the special economic zones. Deng Xiaoping reiterated again and again that the policy of the state is to "open up" not to "restrict." According to Premier Zhao Ziyang's suggestions, relevant departments are now studying new measures to improve the working environment of the joint-venture enterprises. Efforts are being made to implement some special policies for the special economic zones and to work out binding regulations for these zones. All this makes the special economic zones regain confidence and look into the future in times of difficulty.

STEEL PRODUCTION INCREASE RESULTS IN STOCKPILING

HK080323 Beijing CHINA DAILY in English 8 Jul 86 p 2

[By CHINA DAILY staff reporter]

[Text] China's all-out efforts to accelerate steel production is creating serious stockpiling of steel products this year.

Although the country's steel output for the first half of this year hit a record high, huge storage lots occurred because the variety and specifications of some steel products have not met the requirements of customers.

So far this year, more than 1.04 million tons of steel have not found markets at a time when China is suffering a serious shortage of steel.

The problem prompted state economic planners to come up with measures to alleviate the problem, which is expected to continue through the rest of the year, according to sources.

The State Statistics Bureau has confirmed an increase in the nation's steel storage this year, reporting that by the end of May, stockpiling rose 3.44 million tons in three months.

Chin's steel manufacturers are now gearing up to produce 50 million tons of steel this year — a target set by the state.

In the first six months of the year, China's steel output totalled 25.44 million tons, up 10 percent over the same period last year.

But in the first five months, stockpiling rose by 23.7 percent over the corresponding period last year.

It is expected that more than 1.78 million tons of steel products will not find markets in the second half of the year.

Some steel producers have taken advantage of the shortage by turning out steel not in conformance with customers' requirements.

Government departments from the State Economic Commission, the Ministry of Metallurgical Industry and the State Administration of Supplies jointly issued a six-point regulation to reverse the trend.

It demanded that all steel producers turn out steel in strict accordance with requirements and urged the press to monitor failures to comply.

"Regarding the practice of steel producers not fulfilling customers' orders according to the State plan, but signing contracts at higher prices behind the scene, the press should publicly expose and criticize the wrongdoings," it said.

RENMIN RIBAO ON VILLAGE SOLVING PARTY PROBLEMS

HK020947 Beijing RENMIN RIBAO in Chinese 29 Jun 86 p 5

[Article by Lin Zhiyong and Zhao Qingbin: "An Attempt To Solve Inner-Party Condradictions During the New Period -- Experience of the Party Branch of Tongxia Village in Lingshou County, Hebei, in Educating Party Members on the Party's Purpose"]

[Text] The party branch of Tongxia Village, Lingshou County, Hebei Province, is one of four advanced party branches in the whole province. After the start of party rectification, some people raised the question about what the object of rectification should be where an advanced party branch is concerned. How should the rectification effort proceed? In regard to the situation in the past few years of a weakening in some party members' concept of party spirit and in their sense of the aim of wholeheartedly serving the people, the Tongxia Village party branch decided to educate the party members of the village in the party's purpose in the current party rectification effort. Its concrete approach called for selecting typical examples locally, guiding party members in conducting self-education involving comparisons and inspections, and actively unfolding criticism and self-criticism.

The party branch cited the exemplary deeds of former party branch secretary Zhang Jinzhong as a subject for study and discussion by everyone. Zhang Jinzhong had been a cadre in the village for several decades and has "passed the three tests." The first test involves the family. As cadres, we cannot just think of "self" and the "family" in our approach to things, nor can we give friends and relatives preferential treatment. Instead, we must have the great majority of people in mind. The second test is life. As cadres, we cannot seek privileges and must live up to the aim of accepting no gifts and seeking no benefits at the expense of others. The third test is the claim for credit. When something has been achieved in work, we cannot just claim credit for ourselves. We must remember at all times that as party members and cadres, we are obligated to do good for others. All party members of the party branch consciously took the former party branch secretary as an example, reviewing their own past and working out a clearcut direction for future efforts.

From 1954 when agricultural cooperatives were established in Tongxia Village to the beginning of the "Great Cultural Revolution," 56-year-old Zhang Lanni was a cadre in the village. At that time, he was devoted to the collective cause heart and soul. He knew nothing about what is called "being a loser" and what is called "fatigue." In handing over grain to the government, he was the first to haul grain from his own home. In bringing beaches under control, he was the first to dive into the water. In the 3-year period of difficulty, he shared the last of his grain at home with the masses, while he and his wife starved. The last thing he thought of was that during the "Great Cultural Revolution" he would be made to go on parade, haul mud bricks, put on humiliating tall hats, and suffer every indignity. He was also relieved of his post as village head. He swore that he would never in his life get involved with the collective cause any more. At the end of June last year, he handed over his annual party membership fee ahead of time. Then he bought three calves and a young female donkey. By day he went to the river bank herding his livestock. At night he sat at the end of a brick bed playing with children. After the start of party rectification, in studying the deeds of the former party branch secretary who passed "the three tests," he said to himself: I take care of my own donkey. You play your own role as an official. After all, I have quit working for the collective. But with the deepening of the party rectification effort, his cool attitude gradually warmed up in response. After the study of the general and specific policies of the 3d plenary session of the 11th CPC Central Committee and after listening to party lectures, he came to understand the main trend of reform in our country and the excellent situation of ever greater progress being made, understand the glorious mission and duties assumed by Communist Party members in the new period, and understand what a communist should and should not do. All this woke up the party spirit in him that was on the verge of extinction. At a meeting calling for comparison, inspection, and correction, he reviewed with shame his own ideas and acts of not caring for the state and the collective. The next day he sold the donkey and calves and wrote a letter to the party branch, writing in shaky hand: "In the future, the party and the collective enterprise have work for me. If I cannot give one jin of my energy, I can at least contribute an ounce!" The party branch made him the head of a foundry that had been in a state of paralysis. He resolutely took up the job. In less than 1 month after he assumed office, he brought about a new situation in the factory's production. After the introduction of the practice of "contracting on a large scale" in 1983, Communist Party member Zhang Wuxiang committed his family to a collective 100-mu apple orchard, 9 mu of responsibility field, and 5 mu of power-operated field. He and his wife busied themselves with these and other jobs and got rich through hard work. They boasted an income of more than 3,500 yuan in 1 year. They led quite a comfortable life privately. In the process of learning from Zhang Jinzhong, Zhang Wuxiang came to realize that in the past few years, he had figured things out carefully where his own family's "small accounts" are concerned and had been a little negligent in working out figures where the collective "big accounts" are concerned.

He had not contributed anything to the collective. The village had newly set up a paper box factory. The party branch considered making him the head of the factory. He gladly offered to take up this post. With his wife's support, Zhang Wuxiang relieved himself of his own family affairs. With disregard for the financial loss caused to the family, he went to work at the paper box factory. In less than 3 months, he generated an income of more than 8,000 yuan for the collective.

"If anything is to be dropped, it cannot be the weapon of criticism and self-criticism." This is a lesson learned by former secretary of the Tongxia Village party branch, Zhang Jinzhong, in his work as a cadre for several decades in the practice of party building.

In the campaign to educate party members about the party's purpose, the Tongxia Village party branch never for a moment forgot to pick up such a sharp weapon as criticism and self-criticism in ceaselessly purging every party member of political dust in the ideological field.

Veteran party member Zhang Ronglai had learned the art of installing heating facilities with his tuition fees paid by the collective. The first thing he thought of was not to contribute to efforts toward common wealth. Instead, he lured away about 10 technical workers from the foundry to Shijiazhuang to go into the business of installation in an effort toward personal prosperity.

Many party members said something critical about Zhang Ronglai's involvement with "efforts toward personal prosperity and not collective wealth." Zhang Ronglai failed to think straight. He said: "The party's policy now is to allow a number of people to get rich first. Communist Party members are also urged to take the lead in getting rich. I work hard to get rich and follow the law in so doing. I neither cheat nor practice deception. What I fall back on is technique. What I sell is energy. What is wrong with this?"

There is a rule in the Tongxia Village party branch that a party member who has erred is not turned against. Everyone sits together reasoning things out and trying to convince others by reasoning. At a party branch meeting, the following took place:

Deputy Party Branch Secretary Su Xiulan said: "The party's purpose is to serve the people wholeheartedly. There is nothing wrong with your efforts toward personal prosperity. But this is worthy of only a low-standard Communist Party member. If you devote your energies to leading the masses in seeking common wealth, then you are worthy of being a high-standard Communist Party member. We communists of Tongxia cannot be low-standard communists and should strive to be high-standard ones."

Party Branch Secretary Jin Jitang said: "The collective invested more than 80,000 yuan in training you people in the art of installing heating facilities. Now you people have grown wings and want to leave the old folks in the village alone, making money for yourselves outside. If our party members of Tongxia are all like this, then how will the masses fare?"

Deputy Party Branch Secretary Yang Ronggui said: "The party urges communists to lead the masses in following the road toward common wealth. How can you do otherwise? In my opinion, given the new situation of opening up to the outside world and enlivening things at home, you have become stained with the stink of money...."

Zhang Ronglai realized his own error. Red-faced, he said: "I may as well be blamed for my own selfishness and lack of a correct idea. I am unworthy of the many years of training given me by the party and the people."

"Looking back, I will surely devote energy to leading the masses in seeking common wealth." Later, he brought back to Shijiazhuang the people he had taken away and worked keenly on building village enterprises and developing the collective economy. The masses said with delight: "Zhang Ronglai, who had flown away with his heart, has come back."

The Tongxia Village party has achieved gratifying results in handling party building and the building of spiritual civilization. But not big enough strides have been taken in building spiritual civilization. On behalf of the party branch, party branch Secretary Jin Jitang made a penetrating study of this and other problems and aroused all the party members to put forth criticisms and suggestions to the party branch.

The earnest criticisms and suggestions put forth by party member comrades left party branch members greatly moved. After serious discussions and studies, a great blueprint unfolded before people. They subjected 16 village-operated enterprises to bold reforms and hired people who were career-minded, imbued with a strong concept of party spirit, and capable of giving creditable performances and building enterprises for the collective to take charge of production matters in these village-operated enterprises.

Since party rectification, the party members of Tongxia Village have developed a relatively strong idea of wholeheartedly serving the people.

XINHUA RIBAO ON MAINTAINING RELAXED ATMOSPHERE

OW021315 Nanjing XINHUA RIBAO in Chinese 23 Jun 86 p 1

["XINHUA Forum" article by Sun Jiazheng: "Relaxation, Tolerance, and Something Else"]

[Text] Most comrades feel from the bottom of their hearts that the present cultural climate is the best and most relaxed in the more than 30 years since liberation. But many comrades are somewhat worried. What are they worried about? They worry lest there would be change. When the rural responsibility system had just been instituted, peasants were afraid lest there would be a change in policy. Now these comrades worry just as the peasants did at the time. These comrades worry about this: Some leaders are tolerant today, but what if intolerant leaders take their place? Some people call such fear of change and of the unpredictable future "lingering fear." "Lingering fear" prompts "expectations." Leaders are expected to be tolerant not only for awhile, but for a long time to come in order to ensure that there is a relaxed environment for steady development.

It is undeniable that tolerance shown by leaders is an important factor in creating a relaxed environment. Today, one with knowledge of history and respect for reality can see this noticeable change: No matter what shortcomings our party may have in leading ideological and cultural work, most leading comrades have a more tolerant spirit. A reflection of this spirit in guiding principles is the encouragement of people to engage in bold explorations without fear of making mistakes, the promotion of the social practices of free thinking and free contention, and the resolute elimination of the vestiges of the feudal notion that "power is truth." A reflection of the tolerant spirit in leading methods is the promotion of "adjusting little by little" [wei tiao 1792 6148] through discussion on an equal footing and the resolute elimination of the "left" practice of using political means to judge what is right and what is wrong academically.

This tolerant spirit is a form of progress made after learning from complicated historical lessons, gaining trust in large numbers of intellectuals based on understanding, and achieving awareness on the basis of knowledge of the law governing the development of art and science.

However, one is wrong to think that a relaxed environment is the result only of the leaders' tolerance. For tolerance, after all, represents the leaders' judgment, view, code of conduct, frame of mind, and broadmindedness. In any given situation, the leaders' tolerance is conditioned by their level of knowledge and ideological standpoint and even influenced by their moods, likes and dislikes. This is why relaxation based only on "tolerance" cannot but result in a certain weakness, changeability, which means an environment changing with the leaders' subjective conditions, relaxed one moment and tense the next. In retrospect, when the "double hundred" policy had just been set forth, did we not have a relaxed and harmonious environment? Then what happened? Everyone remembers well the fine and rainy days and the changes that took place in those 30 years. Practical experience shows us that a relaxed environment which hinges only on the leaders' tolerant spirit is unstable.

Then how can we maintain the stability and continuation of the relaxed and harmonious environment? I think we should try to find a solid foundation and a reliable guarnatee for the steady and stable development of the relaxed and harmonious environment by grasping the law governing the creation of such an environment.

What is called a solid foundation here is the ongoing reform of the economic structure. When we review the course we have followed in the past 7 or 8 years, we can clearly see that the current situation is not only the result of the leaders' tolerance, but the inevitable outcome of thorough implemention of trhe party's policies of opening to the outside world and invigorating the domestic economy since the 3d Plenary Session of the 11th CPC Central Committee, a gratifying phenomenon brought about by the successful development of reform and modernization. This is why the current situation is not a repetitious alternation of relaxation and tension, but a reflection of the objective requirement of reform of the economic structure. It is unavoidable to have certain rises and falls like waves, but the basic pattern is set. As the old saying goes, "This is the general trend and popular feeling," and there is no need at all to have "lingering fear." Since the economic reform was launched not long ago, we have been faced with many complicated and arduous tasks. Thus, the relaxed and harmonious environment in the ideological and culture spheres will undergo a rigorous test in the course of reform. One writer said: Whether or not the freedom of creation is guaranteed depends on whether or not our economic reform develops smoothly. If it develops smoothly, our freedom of creation is fully guaranteed; if our economic reform suffers a setback, I am afraid that we could not continue to enjoy the freedom of creation. Therefore, no matter what he writes about, a writer should concern himself with the tremendous change taking place in the country. This view merits deep thought from all ideological and cultural workers who hope for steady development of the relaxed environment. What is called a reliable guarantee here refers to socialist democracy and the socialist legal system. Relaxation is a formula borrowed from the ongoing economic reform. Because this formula brings out the ills of the times, it is widely welcomed. However, "Any figure of speech is pointless." It is necessary to accurately define the meaning and connotations of the formulation in order to avoid a haphazard grasping or interpretation of it. This can be done only by a sound legal system. During his recent visit to Britain, Comrade Hu Yaobang, while answering a question about human rights, quoted the enlightened French thinker Montesquieu as saying: Freedom is the right to do anything permitted by the law. As for "relaxation," I think it may be viewed this way: On one hand, "relaxation" must be within the limits permitted by the law' on the other hand, all activities within the limits permitted by the law should be protected by it.

As our democracy and legal system are strengthened step by step, the exercise of democratic rights by citizens is guaranteed by various specific laws. Thus, individual leaders, whether they are tolerant or not, cannot use their powers to impose their personal will on others; nor can they force comrades who advance differing academic views to make self-criticism, to admit mistakes, or to accept punishment. Only thus will it be possible to ensure the stability and continuation of the relaxed environment.

Based on this understanding, I suggest extending the discussion on the relaxed and harmonious environment in two directions:

1. It should be extended to the leadership. Based on a profound understanding of the objective law governing intellectual production, how we can further develop socialist democracy to ensure the implementation of the "double hundred" policy?

2. How ideological and cultural workers themselves should strive to create a relaxed environment. Then, they will have no more "lingering fear" or will not be afraid of this or that, nor will they be passively waiting for others to create a "relaxed" environment for them. They will cherish their democratic rights and turn out high-quality intellectual products to prepare the public for the new productive forces and to serve the purpose of building a powerful socialist country with a high level of civilization and democracy, which will actually create the basic conditions for stability and the continuation of the relaxed and harmonious environment.

YANGCHENG WANBAO ON RERELEASE OF 'MODEL OPERAS'

HK040456 Guangzhou YANGCHENG WANBAO in Chinese 29 Jun 86 p 2

[Article by Zhang Yang: "Is It That Has Been Rehabilitated?"]

[Text] Some 4 or 5 years ago, I was in Beijing when suddenly one day I doubted my own ears upon hearing strains of tunes from "revolutionary model operas" coming from the radio. When I finally established that my hearing was not at fault, I turned off the radio. Almost simultaneously, a neighbor rushed over and, with wide eyes, asked me, "Is it that 'Comrade' Jiang Qing has been rehabilitated?!"

I thought no one would ask me why Jiang Qing is lumped together with "model operas," because anyone in his right mind knows that the relationship between the two is an issue beyond question.

However, an issue beyond question has become a question. At that time, the writer Liu Shaotang took the lead and raised his objections in the newspaper over the resurgence of "model operas;" other listeners followed suit in voicing their objections. So, someone came out and explained: "Model operas" are the fruit of painstaking labor of the great mass of revolutionary artistic and literary fighters and should not be put entirely on the account of Jiang Qing! "Model opera" in itself is revolutionary and was only usurped and used by Jiang Qing! Etcetera, etcetera, etcetera.

Although Jiang Qing is in prison, the "great mass of artistic and literary fighters," including those "model troupes" under her aegis, continue to enjoy the freedom to create. No one has come out to explain: Why is it that they did not create such "model operas" in the 17 years before the "Cultural Revolution" or in the 10 years after the fall of the "gang of four" but only came up with such an "undertaking" during the 10 years of catastrophe? Did "model operas" truly reflect their aspirations? No! Every Chinese who went through the "Cultural Revolution" knows that without Jiang Qing, there could have been no "model operas."

Jiang Qing was the soul and dictator of "model operas," and conversely, "model operas" were the tool Jiang Qing used to "sweep through" the arts and literary circle as well as the weapon she used to transmogrify cultural life. "Model operas" are major inalienable components of the "Cultural Revolution" and are the products that Jiang Qiang and her cohorts needed politically in order to usurp the party and seize power.

It is necessary to not treat anything with a one-sided approach or in isolation, and this is also true of "model operas." I do not know where lie the artistic values of "model operas;" certainly they must not refer only to the heavily made up faces, the formula storyline and its brave rhetoric, and the pretentious stage poses. As to their "revolutionary" values, well, revolution has always been concrete and not abstract in nature. Who are their "revolutionary propellers?" They are Jiang Qing and the bunch of people who used the unprecedented means of a "Cultural Revolution" to weak havoc on the country and the people. Who are their "revolutionary targets?" They are almost all China's writers, artists, and the entire socialist arts and literary industry of the time. On this matter, the "model opera" brilliantly accomplished the "historic mission" entrusted by the "gang of four." It is precisely on this point that every Chinese who still has intuitive knowledge, especially the artistic and literary workers, instinctively and logically feels repulsion toward "model operas."

Another reason for the people's hatred of "model operas" is because they are products of Jiang Qing's shameless plagiarism and usurpation. Let us not talk of those inferior works among the "model operas." Let us talk of the so-called better ones, such as "The Red Lantern," "Shajiabang," and "Taking Tiger Mountain by Stragegy." In many respects, they are not as good as the original works: "Successors Will Surely Emerge" (movie), "Seed of Fire Amidst the Reed Marshes" (play), and "Into the Forest and Snow Plains" (novel). After the usurpation, the original works and original authors were all "criticized thoroughly, overthrown, and discredited completely" and then thrown to hell. Because without so doing, it was impossible to hold up the "glorious image" of Jiang Qing as an "arts expert" and "great standard bearer."

In that instance 4 or 5 years ago, "model operas" were heard over the radio for a while, then disappeared from the scene. This year, they have made a majestic and grand reappearance, enabling people to appreciate "model operas" on certain television programs.

Music (that is, music in its broad sense) possesses a special charm. That is, if you listen to a particular musical piece frequently at a particular period of time, then no matter how many years may have gone by, once you hear that piece again, you could feel transported back to that time...

Four or five years ago, when I was in Beijing, I paid repeated visits to a lady assistant professor at the Institute of International Relations. Her husband was an outstanding scientist with the aeronautics and aviation department and was beaten to death by a rebel faction during the "Cultural Revolution": All the time that the scientist was subjected to vicious beatings and later when his body was put on display, the rebel faction's headquarters nearby put up a loudspeaker to broadcast an aria from a "model opera."

"To this day," the assistant professor said with a trembling voice, I have only to hear that aria again and I am overcome with terror and feel cold shivers down my spine, as though I had been brought back to those horrifying times..."

Anyone who went through the 10 years of catastrophe can testify: "Model operas" and "quotation songs" formed the "major melodies" of the "Cultural Revolution," with all the comedies, farces, tragedies, and dramas of the time played to their accompaniment.

And if one were to speak of "artistic values" and "blood ties" with the "gang of four," notably with Jiang Qing herself, then the status and influence of "model operas" are way above those of "quotation songs." Hence, "Is it that 'Comrade' Jiang Qing has been rehabilitated?!" This question may seen humorous, but it is not. If today there is one single person who would feel most gratified and hopeful of watching "model operas" over the television screen, I dare say it must be Jiang Qing herself! As for people who bring out "model operas" at every possible chance, it is indeed not easy to speculate on their inner thoughts. However, people at least have reason to believe that either they have forgotten the catastrophic lot of insults, destruction, trampling, and massacre inflicted by the "Cultural Revolution" upon our nation, or they have ignored the still sensitive, still bleeding national psyche of the millions of Chinese people!

CHEN MUHUA INAUGURATES POSTAL SAVINGS DEPOSITS

OW030303 Beijing XINHUA Domestic Service in Chinese 1158 GMT 1 Jul 86

[By reporter Zhang Jinsheng]

[Text] Beijing, 1 Jul (XINHUA) -- At a ceremony today for the beginning of postal demand savings deposits, which can be deposited in one place and withdrawn in another, Chen Muhua, state councillor and president of the People's Bank of China, said: We should develop not only specialized banks' savings deposits but also postal savings deposits as soon as possible. Local governments in various parts of the country should vigorously support post offices taking savings deposits and create conditions to support them in this regard.

Post offices in Beijing, Tianjin, Shanghai, and Guangzhou opened this business at the same time today.

On behalf of the State Council, Chen Muhua congratulated the post offices on the opening of this business. She said: This is a good thing to do to meet social needs and make things convenient for depositors. Since ours is a country with vast territory and a large population we should use various methods and channels to develop the people's savings deposits. The postal system has more than 50,000 post offices in the urban and rural areas of the country, and it is of great advantage to use such post offices, which can be found everywhere, to handle savings deposits. What is particularly advantageous is that we can use the telecommunications network to gradually build a computer data system with nationwide linkage for processing postal savings deposits, in order to facilitate the people's depositing or withdrawing money.

Chen Muhua stressed: The savings deposits in post offices and banks complement each other. Beginning postal savings deposits is not a task only for postal departments, but part of the government's work at various levels. Banks in particular should give more guidance and support to post offices in this business.

Responsible persons of the CPC Central Committee, relevant departments under the State Council, Beijing, Tianjin, Guangzhou, and Guangdong Province attended the ceremonies in their respective places.

NANJING MILITARY REGION REFINES PARTY SYSTEM

OW070417 Beijing XINHUA Domestic Service in Chinese 0006 GMT 4 Jul 86

[By report Wu Dongfeng and correspondent Wang Haozhong]

[Excerpts] Nanjing, 4 Jul (XINHUA) -- Units at and below the regimental level under the Nanjing Military Region built up and perfected the various systems of party life in the course of party rectification. Consequently, the combat effectiveness of the 1,300-odd party banches at the grass-roots level that conducted party rectification before the others has markedly improved.

In the course of party rectification, these party organizations at the grass-roots level extensively established the systems of party day, party class, heart-to-heart talks among party branch members, and ideological reporting by party members. Strict organizational life has brought about widespread heartening changes in the party organizations at the grass-roots level. The number of party members who have strived to become exemplary vanguards and who wholeheartedly serve the interests of the people has increased, while those party members who sought personal gain through the abuse of power and tried to override the party organizations have declined. The political atmosphere has improved the vulgar things have lost their appeal. In the course of troop reduction and reorganization, some cadres and fighters of a certain Red Army regiment asked their leaders to intercede for them in order to solve their problems of job transfers, relocations, and admissions to the party. However, since party rectification was initiated, the party organizations of battalions and companies have persisted in implementing the system of collectively studying the major issues, thereby making it difficult for individual leaders to intercede in their own behalf at party branch committee meetings. Because of its persistent efforts in exercising collective leadership, the regiment did not violate organizational principles by developing a single party member and promoting a single cadre.

LIANG BUTING VISITS SHANDONG PARTY HISTORY MEETING

SK070915 Jinan DAZHONG RIBAO in Chinese 25 Jun 86 p 1

[Text] A meeting was held in Jinan from 15 to 23 June to examine the manuscript of the book "Major Events in the CPC History of Southern Shandong." Gao Keting, chairman of the Shandong Provincial Commission for Collecting Party Historical Data, presided over and addressed the meeting. Vice chairman Qin Hezhen and Zhongyin attended the meeting. Veteran Comrades Lin Hujia, Peng Jiaqing, Wang Liusheng, Lu Zhixian, Yang Shifa, Wang Jianxin, Li Qing, Mu Lin, Xu Yan, and Zhang Kai, who worked in the southern area of Shandong Province during the war, made special trips from Beijing, Shanghai, and Jilin to the province to participate in this meeting. Also attending the meeting were some veteran comrades stationed in Jinan who had worked in the southern area of the province during wartime.

During the meeting Liang Buting, Li Changan, and Su Yiran visited the comrades who had made a special trip from other provinces to participate in the meeting.

Lu Maozeng, deputy secretary of the provincial CPC Committee, made a speech at the beginning of the meeting. He said: Accurate historical data for southern Shandong is not only needed for studying, propagating, and compiling Shandong's party history, but also is a teaching material for conducting education on revolutionary traditions among the vast number of party members, cadres, and the masses.

GUIZHOU MEETING CALLS FOR IMPROVED BIRTH CONTROL WORK

HK040229 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 3 Jul 86

[Text] The provincial CPC Committee and government held a telephone conference on birth control work on the evening of 3 July. The meeting reported on the performance in this work in the first half of the year and arranged the work for the second half. The meeting demanded that the province get a still better grasp of birth control work, bring population growth control onto the track of economic development, and continue to control the province's population growth. Provincial CPC Committee Secretary Hu Jintao and Vice Governor Liu Yulin spoke at the meeting.

The meeting held that thanks to the attention given by the party committees and government at all levels, birth control work in Guizhou has made some progress compared with the same period last year. However, it is still far from meeting the demands of the provincial CPC Committee and government. The work is not effective enough and the development is uneven. In some places there are many births not covered by the plan and the birth rate is high. There are signs of a rise in the birth rate.

The meeting pointed out that the Seventh 5-Year Plan is a peak birth period. All prefectures and cities must seriously analyze their local situation, unify their understanding, and work ceaselessly to promote birth control. In the second half of the year, it is first necessary to do a good job in publicizing and implementing the birth control policies. We must eliminate certain current erroneous ideas. Proceeding from the country's long-term interests, we must continue to advocate that a couple have only one child, and continue to promote late marriage and child-bearing. Through propaganda, we should enable the great majority of the masses to accept the policies and measures that help to control population growth.

The leading cadres at all levels and the CPC and CYL members must play a leading and exemplary role. Those among them who violate the birth control policies by having too many children must be dealt with severely.

We must do a good job in building the birth control work contigent. We must put the rules and regulations on a sound basis, carry out periodic inspections, strictly examine performance, and reward or penalize people as appropriate. Violations of law and discipline in attacking and persecuting birth control work cadres must be seriously investigated and dealt with.

We must get a good grasp of organizational leadership for birth control work. The party committees and government at all levels must put birth control work in an important place on their agenda, unify their thinking and measures, and maake common efforts with the departments concerned to strictly control population growth in Guizhou.

WU JINGHUA AT XIZANG CULTURAL, HISTORICAL DATA MEETING

HK040638 Lhasa Xizang Regional Service in Mandarin 1130 GMT 2 Jul 86

[Excerpts] The fourth meeting of the southwest region on cooperation in the work of cultural and historical data opened in Lhasa on the afternoon of 1 July. Attending this meeting on invitation are responsible comrades of 10 Zang nationality autonomous prefectures of 4 provinces, including Qinghai, Gansu, Sichuan, and Yunnan; the national cultural and historical data office; and Chongqing City CPPCC Committee and cultural and historical data workers, totaling some 100 people.

Attending the opening ceremony were leading comrades of the regional CPC Committee, People's Congress, CPPCC Committee, and Xizang Military District, including Wu Jinghua, Pagabalha Geleg Namgya, Raidi, Dangzin, Shengqin Luosangjianzan, Langjie, Jiangzhong Zhaxiduoji, Peng Zhe, Samding Doje Pamo. (Gao Changjin), Liu Yongkang, Zheng Ying, Jimzhoung Gyaincain Puncog, Danzeng Jiacuo, Huokang Suolang Bianba, Tangmai Gongjue Baimu, Gongbasa Tudeng Changba, and Qaba Gaisang Wangdui. The opening ceremony was presided over by regional CPPCC Committee Vice Chairman Lhamin Soinam Lhunzhub.

Raidi, regional CPC Committee deputy secretary and regional CPPCC Committee chairman, delivered the opening speech. He said: The main task of this meeting is to introduce to one another the situation in the work of the cultural and historical data of all provinces, municipalities, and autonomous regions; to exchange experiences; to enhance the level of the work of cultural and historical data; to study, discuss, and further carry out the special subject of cooperation; and to strengthen cooperation with work divided. We must lay stress on discussing the CPPCC work of cultural and historical data and the problem of how to further carry out our own special features and strong points, hold the banner of patriotism still higher, do everything to consolidate and strengthen the patriotic united front and for the building of two socialist civilizations, and strive to create a new situation in the CPPCC work of cultural and historical data.

CPPCC National Committee Vice Chairman Pagbalha Geleg Namgya spoke at the opening ceremony on behalf of the CPPCC National Committee. At the opening ceremony, representatives of the national cultural and historical data office, the cultural and historical data research offices of the CPPCC committees of the southwest region, and the Zang nationality autonomous prefectures of all provinces also spoke.

YUNNAN LEADERS ATTEND FILM SOIREE 30 JUNE

HK010115 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 30 Jun 86

[Excerpt] The Yunnan Provincial CPC Committee held a film soiree in the people's Victory Hall, Kunming, on 30 June to celebrate the 65th anniversary of the founding of the CPC. Present at the function were Pu Chaozhu, secretary of the provincial CPC Committee; He Zhiquang, deputy secretary and governor; Zhu Zhihui, Li Shuji, and Liu Shusheng, deputy secretaries; Li Guiying, chairman of the provincial People's Congress Standing committee; and Liang Jia, chairman of the provincial CPPCC.

NEI MONGGOL HOLDS MEETING ON RECTIFYING PARTY STYLE

SK070726 Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 5 Jul 86

[Text] The regional meeting to exchange experience and to sum up the work of rectifying party style satisfactorily concluded in Hohhot this afternoon after a 5-day session.

The meeting called on party organizations at all levels and the vast number of party members throughout the region to clearly understand the current situation, enhance their spirit, and to make up their minds in greeting the 40th anniversary of the founding of the autonomous region with the outstanding achievement of effecting a fundamental improvement in the region's party style as early as possible.

This meeting was sponsored by the regional CPC Committee. Attending the meeting were leading comrades of the regional CPC Committee, the regional Advisory Commission, the regional Discipline Inspection Commission, and the leading party groups of the regional People's Congress, and the leading party groups of the regional people's government, and the regional CPPCC Committee, responsible comrades of discipline inspection commissions under various league and city CPC committees; responsible comrades of the leading party groups and the discipline inspection groups of various departments of the organ directly under the jurisdiction of the regional people's government; and responsible persons of some units which have set examples in rectifying party style, more than 300 persons in all.

Bu He, secretary of the regional CPC Committee, delivered a report at the meeting. He Hao, secretary of the regional Discipline Inspection Commission, delivered a summing-up speech. This meeting devoted to discussing ways to achieve greater success in rectifying party style. The meeting stressed: At present, we should pay special attention to properly handling the relationship between the work of rectifying party style and the work of achieving success in reform, in opening to the outside world, and in invigorating the economy. To this end, we should define our thinkings and work methods in the following aspects:

1. We should fully understand the harmfulness of unhealthy trends. The unhealthy trends within the party will seriously damage the party's prestige among the masses. In particular, some persons attempt to destroy the reform under the signboard of reform, and disturb the economy under the pretext of invigorating the economy. This will weaken and shake the masses' confidence in reform and the four modernizations. If this trend goes unchecked, it will inevitably lead to the degeneration of the entire economy and bring about a society in which the cases of embezzlement, robbery, and bribery will take place frequently. Therefore, we should never overlook the work of correcting unhealthy trends, and should attend to this work in a resolute and vigorous manner.

2. Unhealthy trends should not be regarded as the inevitable outcome of the reform, the open policy, and the invigoration of economy. The current unhealthy trends are customs handed down from old thinkings, the vestiges of the feudalist ideology, and the expression of decadent capitalist ideology within the party under the new situation of reform, open policy, and invigoration of the economy. The reason why we exert ourselves in rectifying party style is to ensure the smooth progress of the reform, the open policy, and the invigoration of the economy.

3. We should adhere to the simultaneous grasping of party style and reform. Rectification of party style and introduction of reform are different in form but must be grasped simultaneously. Neither should be overemphasized at the other's expense. Economic work departments and leading comrades engaged in economic work should pay attention to party style, and political work departments and the comrades responsible for grasping party style should be concerned with reform and economic work so that they can support and promote each other.

4. In rectifying party style, we should pay special attention to supporting the reform with a clear-cut stand and encouraging the advanced. In the course of rectifying party style, we must seriously investigate and deal with those who take advantage of loopholes in the reform to violate laws and discipline and those who indulge in serious cases of abusing their powers to extort personal favors. Those comrades who have made mistakes and errors in carrying out reform due to lack of experience should be instructed and encouraged to admit their mistakes and errors, to sum up experience, to draw lessons, and to improve their work. On no account should we cling to their minor mistakes and shortcomings, nor should we allow those who idle away their time to lodge false accusations against those who engage in reform.

5. We should introduce and improve regulations and systems for rectifying party style. We should pay attention to summing up experience in line with the respective situations of various localities, and should specifically implement the relevant stipulations of the central authorities.

The meeting pointed out: Three years have passed since the 12th CPC Congress set forth the demand of effecting a fundamental turn for the better in party style in 5 years. Party organizations at all levels throughout the region should attend to their work in a serious and conscientious manner in line with the demand of the CPC Central Committee in an effort to effect an improvement in party style.

HEILONGJIANG SCORES ACHIEVEMENTS IN PARTY REFORM

SK030904 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 2 Jul 86

[Text] Our province has scored marked achievements in launching the party rectification drive at the county level. Localities throughout the province have brought about a gratifying change in the mental attitude of the broad masses of party members by regarding as a central task the work of enhancing party spirit and straightening out party style in the course of party rectification. A favorable turn in party style has also promoted the prevalence of a favorable turn in social morale.

In launching the party rectification drive at the county level, localities throughout the province have emphatically conducted education on ideals, purpose, and discipline in an effort to deal with the problems in which some party members have been in low spirits, have a weak sense of party organization, and have not fostered a firm will to serve the people. They have also concentrated on upgrading the quality of politics among party members and heightening their awareness of production. As a result, the broad masses of party members have enhanced their sense of party spirit. Many party members have vied with each other in becoming advanced ones. Units at the county level throughout the province, which have taken up the party rectification work, have elected more than 2,800 outstanding party members.

In launching the party rectification drive at the county level, localities throughout the province have corrected, in the course of party rectification, the malpractices committed by some party-member cadres in seeking personal gain by taking advantage of power, against which the masses have lodged strong complaints. They have taken back 4.98 million yuan of illegal bonus distributed to more than 48,000 party-member personnel. More than 6,700 party-member cadres have been forced to return their bribes worthy of 549,000 yuan. More than 7,300 personnel have been investigated on charges of committing the malpractices of occupying and dealing in houses.

As for the serious problems exposed in the party rectification drive with regard to seeking personal gain by taking advantage of power and seriously violating the law and discipline, localities throughout the province have earnestly investigated and dealt with them by adopting the measures of placing cases on file at each level, classifying the cases in line with the difference of industries and trades, having leading personnel be responsible for the cases, and organizing full-time personnel in charge of case investigation. Units at the county level throughout the province, which have taken up the party rectification drive, have placed 3,497 cases on file. Of these cases, those that have been dealt with or have been well investigated account for 82 percent. Among those, major or serious problems reach 762 cases. Party and administrative sanctions have been imposed against the large number of party members who had violated the discipline. The party members who are seriously unqualified or not qualified in a less serious degree have been dealt with respectively in such a way that they were not allowed to make membership registration or had to put off their registration. Thus, the purity of the party organizations has been maintained.

During the party rectification drive at the county level, localities throughout the province have further straightened out the guiding ideology of various professions and have achieved an organic integration among the party rectification drive, the drive to conduct reforms, and the economic systems. As a result, they have created a situation in which both the party rectification drive and the drive to conduct reforms have not been held up, and the party rectification drive and the work have helped each other afterward.

In order to improve its work style, the Huachuan County CPC Committee has organized the cadres of the county level organs to go deep into the grass-roots level units to carry out investigation and studies. By soliciting the people's opinions and suggestions for the drive to conduct reforms and by summing up the experiences and lessons gained in the drive, the county party committee has written a more than 600,000-word report consisting of 14 special topics, in which it has put forward new measures for conducting reforms, thus, steadily deepening the drive to conduct reforms.

HEILONGJIANG TRANSFERS ARMED FORCES DEPARTMENTS

SK070923 Harbin HEILONGJIANG RIBAO in Chinese 22 Jun 86 p 1

[Text] The change of the system and handing over the People's Armed Forces departments of 94 counties (cities) of our province, which took 3 months, concluded satisfactorily on 20 June. All the county (city) People's Armed Forces departments formerly belonging to the Chinese PLA organizational system were tranferred to local organization systems.

The change in the system and handing over of the People's Armed Forces departments has been a complicated task requiring a great amount of work. The provincial CPC Committee and government paid great attention to it. Leading comrades, including Sun Weiben and Hou Jie, heard reports and gave instructions on many occasions, and the provincial CPC Committee also issued documents particularly concerning this work. In the change of the system, the provincial military district worked out and transmitted to lower levels specific plans for handing-over and staffing, and paid particular attention to the readjustment of cadres and the installation of staff members and workers, ensuring the number and competence of the cadres of most People's Armed Forces departments. In addition to stabilizing the thinking of their personnel, all units organized forces to make an overall inventory of materials and accounts of funds, and to make registrations. The provincial military district also allocated special funds for the building of the People's Armed Forces departments. During the entire handing-over process, extravagant wining and dining and violations of law and discipline never appeared, thus satisfying the local authorities, military units, and People's Armed Forces departments.

SUN WEIBEN ATTENDS HEILONGJIANG AWARD CEREMONY

SK060349 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 5 Jul 86

[Excerpts] This morning, the meeting hall of the creation family of the provincial Federation of Literary and Art Circles was permeated with a happy atmosphere because some leading comrades of the provincial CPC Committee and the provincial people's government, including Sun Weiben, Chen Yunlin, Huang Feng, Zhang Xiangling, and He Shoulun, happily gathered under the same roof with the winners of the first provincial literary and art grand prizes and with representatives of cultural and art circles to hail the achievements scored by the provinces in literary and art creation over the past 2 years.

The prize-giving ceremony was presided over by (Lu Qi), director of the provincial Federation of Literary and Art Circles. (Gao Taifu), deputy director of the Propaganda Department of the provincial CPC Committee, delivered a report on appraising work. The provincial grand prizes for literary art creation are issued in accordance with the relevant regulations promulgated by the provincial CPC Committee and the provincial people's government in 1984 with regard to making the province's literary and art creation flourish.

According to incomplete statistics, from the beginning of 1979 to the end of 1985, more than 220 works by the province's professional and parttime literary and art workers won prizes at international and national competitions. To promote the posperity and development of the literary and art undertakings, the provincial CPC Committee and the provincial people's government adopted 12 measures, one of which was to allocate 400,000 yuan for use as the grand prizes for outstanding literary and art creation. The literary and art grand prizes have been issued once every 2 years since 1984. A total of 726 works of various kinds were in the competition for the first litrary and art grand prizes. Through repeated discussions and deliberations, and a decision by ballot, a total of 144 works were entitled to win prizes.

Qi Guiyuan, director of the Propaganda Department of the provincial CPC Committee, read the notice concerning giving one-grade wage increases to winners of the literary and art prizes. At the conclusion of the ceremony, Chen Yunlin, deputy secretary of the provincial CPC Committee, delivered a speech. In his speech, Comrade Chen Yunlin called on the vast number of literary and art workers throughout the province to make concerted efforts to create a new situation in the province's literary and art creation. He expressed his hope that the relevant leading comrades would respect the value of the literary and art creation, and would give full play to the talent of artists. He also expressed his hope that all literary writers would study and apply dialectical materialism, be able to reflect the times and life in a more authentic and accurate manner, and provide us with still more high-quality works.

HEILONGJIANG SETS UP CENTRAL ECONOMIC COOPERATION ZONE

SK050308 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 4 Jul 86

[Excerpt] An inter-regional developmental lateral economic cooperation association -- the Central Economic Cooperation Zone of Heilongjiang -- which was joined voluntarily by 10 units was established in Harbin today. Mayors commissioners, and directors from Daqing City, Yichun City, Songhuajiang Prefecture, Harbin City, Suihua Prefecture, the Daqing Petroleum Adminstrative Bureau, the Daqing General Petrochemical Plant, the Songhuajiang Forestry Adminstrative Bureau, the Harbin Farm Administrative Bureau, and the Suihua Farm Adminstrative Bureau, signed an agreement on behalf of their areas and units. Leading comrades of the provincial CPC Committee and government, including Hou Jie, Li Genshen and Liu Zhongli, attended the agreement-signing ceremony held on that afternoon.

Through discussions on an equal basis, the member units have formulated several regulations on developing lateral economic cooperation, and various methods of mutual-preference for cooperation among the member units of the zone. The Central Economic Cooperation Zone of our province will organize an inter-regional and inter-trade specialized cooperative production network led by the units which produce quality and brand-name products. It will establish production associations composed mainly of petrochemical, light industrial and textile, building material, medical and pharmaceutical, foodstuff, electronic, farm machinery and vehicle units to jointly support and spur the development of small and medium-sized enterprises and township enterprises. It will help clear the circulation channels, facilitate commodity markets. It will also help develop the advantage of scientific units and colleges and universities, exchange information with them, cooperate with them in developing intellectual resources, set up associations of scientific research and production units, and actively expand tourism.

The Central Economic Cooperation Zone of our province was established in light of the proposal and with support of the provincial CPC Committee and government.

Since November of last year, principal leading comrades of the provincial CPC Committee and government called for successful economic cooperation among areas in central Heilongjiang on many occasions. Recently leading comrades of the provincial government again heard reports on preparations for the establishment of the Central Economic Cooperation Zone. After repeated discussions, the member units of the zone reached an agreement, and established the board of directors of the central economic cooperation zone, the joint development foundation, and a liaison office in charge of the work of the economic cooperation zone.

JILIN SECRETARY ATTENDS URBAN ECONOMIC CONFERENCE

SK050237 Changchun Jilin Provincial Service in Mandarin 0930 GMT 4 Jul 86

[Text] The provincial urban collective economic work conference ended in Changchun today.

The conference defined measures for rationalizing the collective economic management system, set forth regulations concerning the reform of the leadership system of collective enterprises, and formulated policies on giving preferential treatments to the collective economy. The conference called on leaders at all levels to upgrade their understanding, strengthen leadership, persistently carry out reform, and to make concerted efforts to support the development of the urban collective economy.

Gao Di, secretary of the provincial CPC Committee; Gao Dezhan, provincial governor; and Gao Wen, vice governor of the province, delivered speeches at the conference. The conference held: Collective enterprises throughout the province have made irreplaceable contributions to arranging jobs for jobless people, facilitating stability and unity of society, and giving convenience to the people's livelihood. We must carry out reform to further develop the urban collective economy. Thus, the enterprises should perfect the economic responsibility system with the focus on contracts. The enterprises should hold democratic discussions to decide ways for signing contracts and making distribution. No units or departments can interfere in or place restrictions on the affairs of the enterprises. It is necessary to first carry out the stockholding and leasing systems in selected units and then to promote the implementation of the systems in all units by drawing upon experiences gained in selected ones. Efforts must be made to explore and formulate economic responsibility systems suitable to the collective economy.

The conference stressed: The Jilin provincial regulations on protecting the rights and interests of the urban collective enterprises formulated by the provincial government and approved by the provincial People's Congress are the first local regulations in this regard in our country. The departments in charge of the work of collective enterprises should regularly inspect the situation in the implementation of these regulations, immediately make reports to the governments and people's congresses if any problems are found, and conscientiously investigate and handle illegal cases in accordance weith the law. In order to strengthen the macroeconomic guidance to the collective economy, the provincial CPC Committee and the provincial government decided to set up the Jilin provincial bureau in charge of urban and district collective economy and called on all cities, prefectures, and the autonomous prefecture to set up organizations for making overall plans offering coordinated service, conducting investigations and supervision, and timely grasping the collective economic situation. Simultaneously, governments at all levels should strengthen leadership and management over the collective economy; truly place the work on the agenda; distribute, arrange, inspect, and sum up the work of both the state and collective enterprises in a unified manner; firmly grasp current production; and strive to create a new situation in the urban collective economy.

GANSU LEADER STRESSES ECONOMIC INVIGORATION

HK030253 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 2 Jul 86

[Excerpts] Governor Jia Zhijie proposed at the provincial conference of prefectural commissioners and city mayors which concluded on 2 July that it is essential to unswervingly promote the plant manager responsibility systems, and further invigorate the enterprises in the second half of the year, to ensure steady development of the province's economic work.

Jia Zhijie said: the province's industrial growth rate in the first half of the year was normal, and the situation is comparatively good. In the second half of the year, it is necessary to further delegate powers to the enterprises, assign first place to improving economic results, and solve well the question of relationship between production and consumption.

He said: The province should develop a variety of forms of economic ties based on the enterprises, centered on the cities, and focused on commodity purchase and sales services, invigorate the state-owned commercial enterprises, and turn them into economic entities managing their own affairs and responsible for their own profit and loss. The commercial, supply, and marketing departments must do a good job in producing and supplying nonstaple food such as vegetables, meat, and eggs, actively send industrial goods to the rural areas, and further clear the circulation channels.

Jia Zhijie expressed the hope that government at all levels will actively and steadily promote reform and be bold in carrying out economic work. At present, we must focus on doing a good job in production in the third quarter and ensure the fulfillment of the province's goal of ensuring 8 percent and striving for 10 percent economic growth.

Provincial leaders Li Ziqi, Hou Zongbin, Ge Shiying, Liu Shu, and Lu Ming attended and spoke at the meeting.

QINGHAI, NINGXIA LEADERS ATTEND SPORTS MEETING

HK030255 Xining Qinghai Provincial Service in Mandarin 2230 GMT 2 Jul 86

[Excerpts] The ninth Qinghai provincial sports meeting held its closing ceremony at the Xining stadium on 2 July. The cermony was attended by Qinghai party and government leaders including Yin Kesheng, Song Ruixiang, Liu Feng, and Huanjuecailang. Ningxia Hui Autonomous Regional CPC committee Secretary Li Xuezhi, who is currently inspecting work in Qinghai, was also present.

QINGHAI SECRETARY ADDRESSES PREFECTURAL, COUNTY LEADERS

HK070221 Xining Qinghai Provincial Service in Mandarin 2230 GMT 6 Jul 86

[Excerpts] The provincial conference of autonomous prefectural and county governors concluded in Xining on 6 July. The meeting conveyed the spirit of the national party rectification conference and heard and analyzed a report by Governor Song Ruixiang analyzing the economic situation in the first half of the year and outlining the main work arrangements for the second half.

Provincial CPC committee Secretary Yin Kesheng gave three views at the meeting on 6 July: 1) Correctly analyze the situation and make careful arrangements for work in the second half of the year. 2) Strengthen ideological and political work to ensure the smooth progress of reform and economic construction. 3) Acquire new concepts, improve work style, and do a thoroughly good job in boosting economic work.

Yin Kesheng said: The main current of developments in Qinghai is healthy, but we must also squarely face the difficulties and problems. The better the situation and heavier the tasks, the more the leaders at all levels must pay attention to ideological and political work. In connection with tasks for the second half of the year and the reality of reform, all areas and units must get a thoroughly good grasp of conducting education in party spirit for the party members, in legal knowledge for the whole people, in ideals for the young, in business ethics for the service trades, and in new ideas and techniques for the cadres and workers.

SHAANXI CPC EDUCATES MASSES IN YANAN SPIRIT

OW022007 Beijing XINHUA Domestic Service in Chinese 0127 GMT 1 Jul 86

[By reporters Cui Chengwu and Hua Nianlun]

[Excerpts] Xian, 1 Jul (XINHUA) — The Shaanxi Provincial CPC Committee has educated the cadres and masses of people in the province in inheriting and advancing the spirit of Yanan and developing it under the new situation in order to promote the building of socialist material and spiritual civilization in Shaanxi.

Shaanxi is the province where Yanan, the mecca of revolution, is located. Since liberation, party organizations at various levels in Shaanxi have always regarded that it is a glorious task to inherit and carry forward the Yanan spirit. Shortly after he assumed the post of secretary of the provincial CPC Committee, Comrade Bai Jinian said in a newspaper article that the Yanan spirit is not only a magic weapon guiding our victory in the democratic revolution but it is also a spirital pillar for our socialist modernization drive. He called on the cadres and people in Shaanxi to correctly understand the Yanan spirit and continue to develop it under the new situation. Under the auspices of departments concerned under the provincial CPC committee and the Yanan Prefectural CPC Committee, a society for study of the Yanan spirit was especially set up for publishing the newspaper YANAN JINGSHEN [YANAN SPIRIT] and organizing veteran comrades of the Yanan period to write memoirs.

"Seeking truth from facts" — the school motto of the Yanan Central Party School written by Comrade Mao Zedong many years ago — forms an important component of the Yanan spirit. In order to inherit and carry forward the Yanan spirit, leading comrades of the provincial CPC Committee have, in recent years, encouraged cadres at various levels in Shaanxi to go deep into the masses to conduct fact-finding investigations and draw up guidelines for their work in the light of reality in the province. Since the central authorities advanced the policies of opening to the outside world and invigorating the domestic economy, the province has organized general surveys on a total of five occasions concerning the urban economic structural reform, rural social and economic conditions, impoverished mountainous areas, the situation in the province as a whole and various counties, and the strategy for economic and social development until the year 2000. In the survey on the urban economic structural reform alone, a total of over 8,000 cadres at the provincial, prefectural (city), and county (district) levels took part in the 100-odd day survey and wrote more than 800 reports containing concrete facts and ideas.

Wholeheartedly serving the people is the core of the Yanan spirit. In recent years, the Shaanxi Provincial CPC Committee has taken various opportunities to exhort cadres at all levels to always bear in mind the fundamental objective of wholeheartedly serving the people. In order to help some 3 million impoverished peasants in Shaanxi become well off as quickly as possible, over 8,000 offices have gone deep into the grass roots since last November to work together with local cadres in visiting village after village and household after household to expose the roots of poverty among the peasants and help them find ways to become well off, thereby performing solid work to solve their pressing needs as well as assisting them in drawing up long-range plans and measures to eliminate poverty.

After the liberation, veteran comrades of the Yanan period now living in Yanan and elsewhere in Shaanxi have retained the invaluable tradition and exerted themselves in the modernization drive. The Shaanxi Provincial CPC Committee has used its living examples in educating cadres and the masses, while criticizing a few localities and units for violating this tradition. A few years ago, some veteran comrades in Yanan Prefecture often asked the state for funds — in the name of an "old revolutionary base area" — to transform the backward condition of the prefecture. After they were criticized by the provincial CPC Committee, these veteran comrades took measures suited to local conditions, and mobilized and relied on the local people to plant grass and trees, thereby changing the appearance of the prefecture and eliminating poverty and becoming well off. The prefecture's per capita grain output was 468 jin in 1984, and, despite serious natural disasters, was 350 jin in 1985.

SHAANXI OFFICIAL ON HANDLING COMPLAINTS AGAINST REFORMERS

HK040339 Xian Shaanxi Provincial Service in Mandarin 0100 GMT 4 Jul 86

[Text] The inaugural west China edition of JINGJI RIBAO publishes comments by a responsible comrade of the Shaanxi Provincial Discipline Inspection Commission on handling letters of complaint against people and protecting reformers. The responsible comrade said that in general no action should be taken on anonymous letters complaining of problems in the work of plant managers and directors carrying out reform. As for problems reported in ordinary letters, we should not be hasty in sending in work teams to investigate. Letters that are found to make false accusations must be resolutely investigated and dealt with, so as to bare the features of the accuser, hold him accountable, sentence him to the punishment facing the person he falsely accused, and punish him severely.

RADIO NOTES ATTACK ON MAO ON CPC ANNIVERSARY

OW070439 Taipei CNA in English 1348 GMT 6 Jul 86

[Text] Taipei, July 6 (CNA) — The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled "Peking's New De-Maoization."

Red China's party chief Hu Yao-pang said Tuesday that an aging and confused Mao Tse-tung brought "catatastrophe" to the Chinese mainland by launching the 1966-76 "Cultural Revolution." Hu's accusation, which was contained in a speech marking the Chinese Communist Party's 65th anniversary, appears to be the strongest one made officially by Peking. However, it does not differ in substance from its previous judgement of the late dictator after the triumph of Teng Hsaio-ping and his allies. The Tengists' "historical judgement" in 1982 said Mao's contributions were greater than his follies, which they attributed to old age.

While the present rulers in Peking unanimously denounced the "Cultural Revolution", none of them has come out openly to attack his earlier excesses such as the anti-rightist campaign and the "Three Red Banners". These Maoist policies in the late 1950's to the early 1960's were as devastating to Mainland China as the decade-long Cultural Revolution in terms of both material and spiritual damage to the Chinese people.

Mao's heirs chose to remain silent about the earlier reign of terror because they themselves were his accomplices. Teng and others enthusiastically supported Mao in all his brutalities against the Chinese people until he turned his wrath against themselves during the "Cultural Revolution. "One may wonder why Hu renewed the accusation against Mao at this time. The reason is not difficult to find. In recent weeks the communist press has been lamenting almost daily that party cadres are blocking the Tengist reforms by refusing to relinquish their powers to factory managers and other technocrats responsible for implementation of the reforms. The stonewalling of the reform program by the party secretaries is one of the major factors behind its slow progress.

The ideological weapon with which the leftist cadres have been fighting with the reform is Maoism. They can argue with force and legitimacy that the Tengist reform has deviated from Mao thought by introducing capitalist methods.

By denouncing Mao on the occasion of the party's founding anniversary, the Tengists hope to disarm their opponents on the ideological front so that the resistance to their reform scheme can be removed. However, the strategy is unlikely to work, because the powerholders are afraid to go all-out against Mao and what he stands for. He is still officially revered as the father of the communist regime, and Mao's thought has been formally listed as among the "four basic principles."

There is only one way to solve Mainland China's myriad of problems. That is a clean break with Marxism-Leninism-Maoism and the restoration of democracy. Unless this is achieved, no amount of half-hearted de-Maoization will enable Peking to turn the corner.

PAPER COMMENTS ON PRC'S TAKEOVER OF MACAO

OW070331 Taipei CNA in English 0316 GMT 7 Jul 86

[Text] Taipei, July 6 (CNA): A leading newspaper in Taipei says Red China is now facing many problems in its talks with Portugal on the return of Macao, an island off the coast of Kwangtung that heavily depends on Hong Kong for its survival.

Basically, there will not be major differences in talks between Portugal and Red China, and the biggest issues are to ease the resistance from the residents of Macao and to determine the time for the takeover, the UNITED DAILY NEWS said editorially.

The Peiping regime obviously hopes that it may take over Macao and Hong Kong at the same time in 1997, because taking over Macao earlier than 1997 will create many problems and result in instability in Hong Kong, the paper said.

The Portuguese Government expressed its intention to give up Macao as early as during the Cultural Revolution, but in recent years, it has seldom talked about this, partly because changes in the international situation have made it realize that the continued possession of Macao will be good for its economy and its international status, the paper said.

The editorial pointed out that the Red Chinese-Portuguese talks on the nationality of the residents of Macao after the takeover are expected to be more complicated than similar talks on the status of Hong Kong residents, because Macao is a territory but not a colony of Portugal. Besides, the Peiping regime is also worried that Macao's economy will plummet after its takeover, thus becoming a burden to its economy, it said.

GOVERNMENT CURBS SILK, HEMP EXPORTS TO U.S.

OW080251 Taipei CNA in English 0240 GMT 8 Jul 86

[Text] Taipei, July 7 (CNA) -- Board of Foreign Trade [BOFT] announced Monday a partial and temporary ban on exports of silk and hemp products to the United States.

BOFT said that before the nation reaches a new textile trade agreement with the U.S., the textile makers here who have received letters of credit from American importers since July 1 will not be able to get permit to export silk and hemp products as ordered on the L/Cs. Those who received orders before July 1 will still be permitted to ship silk and hemp textiles to the states, BOFT said.

BOFT explained that the ban has been imposed in line with the ongoing third round of ROC-USA textile talks in Geneva, Switzerland as the U.S. is likely to set quotas on imports of silk and hemp and other textile products from the ROC during the talks.

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GENERAL

FOREIGN MINISTRY HOLDS WEEKLY NEWS BRIEFING

To Hold Border Talks With India

OW090732 Beijing XINHUA in English 0712 GMT 9 Jul 86

[Text] Beijing, July 9 (XINHUA) -- Chinese and Indian officials will hold their seventh round of talks in Beijing from 21 to 23 this month. This was announced by a spokesman for the Chinese Foreign Ministry at a weekly news briefing here this afternoon.

This round of the talks, the spokesman said, will be mainly devoted to the discussion of questions concerning the Sino-Indian border. In addition, the two sides will also discuss cultural, scientific and technical exchanges and other bilateral issues, and exchange views on international issues of common concern.

Chairman of the Chinese delegation is Liu Shuqing, vice-minister of foreign affairs, and chairman of the Indian delegation Venkateswaran, foreign secretary of the Ministry of External Affairs.

Views Japanese Elections Textbooks

OW090814 Beijing XINHUA in English 0757 GMT 9 Jul 86

[Text] Beijing, July 9 (XINHUA) -- China expressed its wish here today to work together with the new government of Japan, to be formed by the Liberal Democratic Party, for good neighborly and friendly relations between the two countries.

A spokesman for the Chinese Foreign Ministry said this while commenting on the landslide victory of the Japanese Liberal Democratic Party in the election of the House of Representatives and the House of Councillors of the Japanese Diet at a weekly news briefing here this afternoon.

"As we do in usual practice," he said, "We shall extend our congratulations after the Japanese Liberal Democratic Party has formed a new cabinet." "We hope to work with the new government of Japan in a joint effort for the long-term and steady development of good neighborly and friendly relations between China and Japan," he added.

Commenting on the recent Japanese Education Ministry's approval of the new Japanese history textbook compiled by the National Conference for the Defense of Japan, the spokesman said that China has learned the new textbook has been approved after being revised several times. "The Japanese side has made briefings and explanations to us on this matter. The Japanese Government has exerted itself to the settlement of the matter. We have to further study the final version," he said.

PRC SAYS DEFECTORS 'CRIMINALS AND HARMFUL ELEMENTS'

HK090814 Hong Kong AFP in English 0746 GMT 9 Jul 86

[Text] Beijing, July 9 (AFP) -- China said Wednesday that the 19 Chinese who defected to Taiwan via South Korea in a small boat were "criminals and harmful elements" who had fled the mainland to escape punishment.

In Beijing's first official comment since the group was picked up by South Korean maritime police on June 17, a Foreign Ministry spokesman said China was "extremely regretful" that Seoul had allowed them to go to Taiwan.

"This is contrary to the will of the people for Taiwan to accept these criminals and harmful elements while not allowing the normal exchange of people between Taiwan and the mainland," the spokesman said in a prepared statement read over the phone.

The spokesman said he was unable to give further details at this time about the nature of the defectors' alleged crimes. (Reports from Taiwan said the group included farmers, merchants, welders, civil servants and technicians. (The group did not receive the regular heros' welcome on their arrival in Taiwan and informed sources said they might be sent to an outlying island while arrangements were made for their future.)

RENMIN RIBAO VIEWS U.S.-SOVIET SUMMIT PROSPECTS

HK060820 Beijing RENMIN RIBAO in Chinese 6 Jul 86 p 6

[Commentary by Zhang Yunwen: "Prospects for U.S.-Soviet Summit Hard To Fathom"]

[Text] Arguments between the United States and the Soviet Union over the question of a second summit meeting have become more frequent in recent days. On 1 July, Soviet Deputy Foreign Minister Petrovskiy announced at a press conference that the Soviet Union has requested that the United States discuss a U.S.-Soviet foreign ministerial meeting in preparation for the second summit. U.S. officials expressed surprise at this, pointing out that United States long ago requested the Soviet side to set a date for the foreign ministerial meeting, and that the Soviet Union had not replied. This is a new confrontation between the United States and the Soviet Union on the question of the foreign ministerial and summit meetings.

A second U.S.-Soviet summit was agreed during the Reagan-Gorbachev meeting in Geneva last November. The two sides agreed than that Gorbachev would visit the United States in 1986 for a second summit, and Reagan would visit the Soviet Union in 1987 for the third summit. Reagan invited Gorbachev to visit the United States in June this year, but the Soviet Union delayed replying, giving as its reason the lack of progess over the disarmanent issue. The foreign ministerial meeting scheduled for May in preparation for the summit was cancelled by the Soviet Union in April due to the U.S. air attack on Libya. Reagan wrote to Gorbachev at the beginning of June suggesting that the foreign ministerial meeting be held in July. The Soviet ambassador recently handed a letter from Gorbachev to Reagan, but the letter said noting about the date for the meeting. The United States has been rather annoyed by the Soviet side's unwillingness to set a date for the foreign ministerial meeting, and has reiterated its hope that the summit can take place after the congressonal mid-term elections in November; July would be quite a suitable time for the foreign ministerial meeting, otherwise, there will not be enought time to prepare for the summit. The Soviet Union for its part has stressed that fixing a place and time for the meeting is unimportant; what is important is the agenda and the results of such a meeting. The Soviet Union insists that there must be "substantive action," that is, some progress at the arms talks, in order to hold a second summit.

Amid these fierce arguments, it is evident that both the United States and the Soviet Union want something from a summit and that each has its own ideas and interests. Observers say that the United States is anxious to firm up the second summit and interested in a specific time and a relatively comprehensive agenda, while the Soviet Union is bent on forcing the United States to make concessions on the disarmament issue, and in particular hopes to contain the U.S. "star wars" scheme. The Soviet Union therefore does not want to close the door on the summit issue, but neither does it want to be quick to meet U.S. demands by setting a date for the meeting.

The importance of a second summit for Reagan's second term is obvious. Reagan wants to accomplish two great goals during his second term, namely tax reform, and improvement in U.S. -Soviet relations, with a reduction in nuclear weapons. At present he has only initially accomplished the first of these, while no progress has been made in the nuclear weapons talks, and U.S. -Soviet relations remain disturbed. This year the atmosphere of reconcilation of the "fireside talk" at Geneva has weakened. Since Reagan announced that he would no longer adhere to SALT, U.S. -Soviet relations have become strained again, and this announcement has also stirred up a wave of protest in Congress, among the allies, and among the American public. According to public opinion, Reagan never anticipated such a strong reaction. Then, in his speech at Glassboro on 19 June, he gave a positive evaluation of the new Soviet disarmament proposal, terming it a "serious effort." According to American political analysts, if there is a meeting this year, the Republicans will certainly continue to control the Senate at the mid-term elections; if another meeting is held in 1987, this will have a very big impact on the 1988 election and help the Republicans, and thus Reagan's second term will leave its mark on history. Apart from that, the Reagan administration is facing a diversity of views from within and without on the nuclear disarmament issue. The Soviet Union is naturally watching all this, and so it wants to keep up the pressure on the United States regarding the summit issue, while also making certain concessions on arms control in exchange for U.S. concessions on "star wars."

According to reports on recent Soviet disarmament proposals, the Soviet Union has changed its original demands on certian issues. For instance, the Soviet Union agrees that "star wars" research can be undertaken in laboratories, with the two sides guaranteeing to adhere to the antimissile missile treaty for at least 15 years. Reagan has stated that he does not exclude the possibility of trading the Strategic Defense Inititative for a reduction in the Soviet nuclear arsenal. According to public opinion, the flexibility of the two sides over the "star wars" issue may lead to certain progress in the disarmament talks, and thus increase the prospects for the successful convening of a summit.

However, analysts hold that generally speaking, the prospects for a summit are still hard to fathom. This is because there is endless argument between two factions in the U.S. Government over disarmament and policy toward the Soviet Union; President Reagan himself has not yet given a definite opinion. At present the various government departments are studying countermeasures for making a specific reply to the Soviet proposals. According to public opinion, so long as the United States does not make a specific reply to the Soviet proposals, the Soviet Unions will not set a date for the summit.

RENMIN RIBAO ON JAPANESE HISTORY TEXTBOOK ISSUE

HK070754 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 7 Jul 86 p 2

[Commentator's article: "Take a Correct View of History, Attain Friendship for Generations to Come"]

[Text] Today is the 49th anniversary of the "July 7th incident." On this unforgettable day, we may naturally think about the "textbook issue" recently occurring in Japan, and feel deeply that we should say something here about our basic viewpoint.

Japanese newspapers recently published many reports and commentaries on the deliberations on a high school history textbook by Japan's Ministry of Education. From these reports and commentaries, we know that the history textbook compiled by the "National Forum on the Defense of Japan" does not mention anything about Japan's aggression against other countries, misrepresents historical facts on many points, and even openly glosses over, and reverses the verdict on, the war of aggression. Like the "textbook incident" in 1982, this has evoked strong reactions among the Chinese people, other Asian peoples, and the Japanese public. They have seriously and solemnly criticized the actions of a small number of Japanese people involved in this event.

This event attracted people's serious attention because it is related to a basic question, that is, whether Japan admits or does not admit that the war which was launched by the Japanese militarists and which brought disaster to China and other Asian countries was a war of aggression. As a matter of fact, the world is always moving forward, and people should look to the future. The international community and the people of the world have long reached a clear conclusion on the nature of that war. This has also been clearly realized by the Japanese public and the Japanese people of vision in all circles. Some famous Japanese statesmen, including some government leaders, have directly or indirectly admitted that the unjust war was a war of aggression. In the Sino-Japanese joint declaration in 1972, the Japanese Government also solemnly announced: "The Japanese side painfully realizes its responsibility for the great harm caused to the Chinese people by Japan during that war and is willing to conduct profound self-reproach." However, some people in Japan still cherish the memory of that "sacred war to build a great East Asia," and whenever there is an opportunity, they certainly try to misrepresent that disgraceful part of history of defying world opinion.

In order to preserve the authenticity and solemnity of history, to consolidate the political foundation for Sino-Japanese relations, and to ensure the long-term and steady development of friendship and cooperation between the two countries, it is necessary for us to expose the activities of this small group of people and to answer their challenge to world opinion and the people of the world.

What is aggression? There is a clear definition in international law. The "dictionary of international law," compiled by Japan's Society of International Law, also clearly states: "Aggression generally refers to a country's actions which serve the purpose of realizing its demands imposed on another country and of changing the state of affairs by resorting to armed force." It also quotes the definition of aggression adopted by the 29th U.N. General Assembly: "According to the spirit of the U.N. Charter, aggression refers to one country's use of armed force to violate another country's sovereignty, territorial integrity, and political independence."

In 1946, the "Charter of the Far East International Military Court" pointed out that the planning, preparation, launching, and execution of a declared or undeclared war of aggression constitutes the "crime of disrupting peace." In 1948, the Far East International Military Court wrote, when listing the 55 crimes committed by Japan's major war criminals: All of the accused participated in scheming and in invading China's northeast provinces so as to control China, and, for this purpose, preparing and launching a war of aggression against China."

The Japanese militarists launched that war of aggression after long premeditation. In 1927, the then Japanese Prime Minister Giichi Tanaka, who was also foreign minister, submitted a so-called "program of policy toward China," which was also called the "Tanaka memorandum to the throne." This document pointed out the abundance of natural resources in northeast China and Inner Mongolia and the necessity of invading and occupying these territories. It said plainly: "In order to conquer China, we must first conquer Manchuria and Mongolia; in order to conquer the world, we must first conquer China. If China can be completely conquered by our nation, then other Asian nations, including India and South Pacific countries, will all be in awe of us and yield to us." This foreign expansion program fully exposed the Japanese militarists' ambition to invade Asia and dominate the world. Moreover, the "Tanaka memorandum to the throne" also argued that in order to achieve the above-mentioned purposes, Japan must resort to force of arms.

Under this guideline, in 1931, Japan provoked the "September 18th incident" and invaded northeast China; in 1937, it provoked the "July 7th incident" and the "August 13th incident," and launched a full-scale war of aggression against China. At that time, the handful of Japanese militarists claimed that they would "defeat China in 3 months." The then minister of the army even clamored that the Japanese Army would "occupy China" "in about 1 month." For a time, the Japanese militarists were completely swollen with their aggressive arrogance. In 1940, the Japanese cabinet dished up a more ambitious plan of aggression for building a "greater co-prosperity sphere of East Asia" in an attempt to gobble up Asia as a whole and to build a vast "royal territory" under its colonial rule. All the above historical facts are known to the world.

However, the compilers of the history textbook tried to stand the historical facts on their heads. They did not mention the policy of aggression of the Japanese militarists, and attributed the cause of the full-scale war of aggression against China to an incident provoked by the Chinese side, saying that this incident forced the Japanese side to abandon the "nonexpansionist policy." As we all know, historical facts have fully proved that the launching of the war of aggression against China by the Japanese militarists was a long established national policy of the Japanese ruling class, and this cannot be denied by any excuses and lies.

"Past experience, if not forgotten, is a guide for the future." World War II, which was launched by the German, Italian, and Japanese fascists more than 40 years ago, brought disaster to the whole world and caused an unprecedented catastrophe to all mankind. However, war also educated the people. In the past 41 years since the end of the world war, safeguarding world peace, opposing wars of aggression, and preventing a repetition of the historical tragedy have always been the common voice and urgent desire of the people throughout the world. From painful historical lessons, people have come to realize that although only a small number of people advocate and engineer a war at the beginning, if these people's activities are neglected or tolerated, the war will still become a horrible disaster that causes great suffering and misfortune to hundreds of millions of people.

Therefore, European countries are still hunting down the fascists who escaped unpunished, and the Asian peoples still maintain a high degree of vigilance against the revival of militarism. At the same time, we should also notice that the younger generation at present does not have a good understanding of history and lacks personal experience of the sufferings that the older generations underwent before. So it is the unshirkable duty of the older generations to help young people understand history and remember the painful historical lessons which were drawn at the cost of blood, in order to prevent for ever new war disasters.

However, some people have complained that China, in mentioning the history of Japanese aggression, is trying to "bring up an issue that has long been settled." All honest people can see that, although China was the victim of the aggressive war, it has always strictly distinguished a handful of Japanese miltiarists from the broad masses of the Japanese people since the very beginning when Japan launched the aggressive war against China, holding that it was the Japanee militarists, rather than the Japanese people who were definitely innocent and also victims of the aggressive war, that should be held responsible for the war. China has also reiterated again and again that the Japanese militarists' aggression against China was merely a transient adverse current in the long process of history of friendly intercourse between the Chinese and Japanese peoples over 2,000-odd years. Although that aggressive war inflicted unprecedentedly formidable losses upon the Chinese people in terms of life and property, the Chinese Government, setting store by the friendship between the future Chinese and Japanese generations, has taken the initiative in giving up the claim for war reparations. In addition, the Chinese Government has also extensively and persistently taught the Chinese people, especially the younger generations, to forgive old wrongs and grievencecs, to always look forward to the future, to get along well with the Japanese people, and cherish the Sino-Japanese friendship from generation to generation. The relations between China and Japan entered a brand new stage of development since the normalization of the diplomatic ties between the two countries. Today, we do not want to repeatedly mention that regrettable matter of the past. But this does not mean that we would tolerate some people's act in making use of our good will to distort or even tamper with history and hurt the Chinese people's feelings. As everybody knows, the friendly relations between China and Japan are built on the basis of the recognition and correct interpretion of history. Any attempt to reverse the historical conclusion can only have negative effects, spoiling the friendly feelings between the two peoples and undermining the political basis of the relations between the two countries. This is the very reason why we have, as it is necessary, to remind people of the importance of reviewing history, so as to ensure a correct understanding of the facts.

Some other people have complained that China, in denouncing a small number of people in Japan for tampering with history, has "intervened in" Japan's "internal affairs." Such a complaint does not hold water either. As far as foreign relations are concerned, China, as one of the countries introducing the well-known principle of peaceful coexistence, has always opposed any attempt by any country to intervene in another country's internal affairs under any pretext. With regard to the textbook case, the designation, as well as the compilation, examination, and revision of textbooks, are completely Japan's own business. However, as soon as certain textbooks of Japan involve false descriptions concerning its relations with foreign countries or even wantonly distort the historical fact of Japan's aggression and expansion abroad, the case will no longer be merely Japan's "internal affairs." It is completely justifiable for China and other Asian countries which suffered from the aggressive war launched by Japan to voice their indignation, refute the distorted description, display the facts, and point out the danger.

Moreover, the Japanese Government did definitely promise in 1982 that the spirit of the Sino-Japanese Joint Communique "should be respected in school education as well as in the examination and revision of textbooks in Japan." The current "textbook issue" evoked by a small number of people shows not only a flagrant contempt of the international community and the international code of conduct, but also a negation of an international commitment that the Japanese Government has undertaken.

In criticizing the said history textbook and some people's acts related to the "textbook issue," China absolutely does not want to "make a big fuss over a trifle." As we have pointed out above, the recognition of the historical fact of Japan's aggression against China is an essential principal issue in the relations between the two countries which has a bearing on the smooth development of the friendship and cooperation between the two countries along the right tract. China has always maintained that it is necessary to observe the principle of seeking common ground on major issues while reserving differences on minor ones in handling country-to-country relations and to distinguish right from wrong on questions of principle. The Chinese Government and people sincerely devote themselves to the enhancement of the friendship and cooperation between China and Japan and hope that such a relationship will constantly develop both in breadth and depth, based on the Sino-Japanese Joint Communique, the Sino-Japanese Peace and Friendship Treaty, and the four principles governing the Sino-Japanese relations. And this is the very reason why we feel we should take the responsibility of pointing out the crux of the issue that the textbook case has exposed and appeal to the Chinese and Japanese people and those with breadth of vision to heighten their vigilance, to take preventive measures, to find out in good time and promptly eliminate all the negative factors that will hinder and undermine the Sino-Japanese friendship. At the same time, we hold that Japan should also pay close attention to this issue. If some people are allowed to willfully misrepresent history, gloss over aggression, and use an erroneous viewpoint that "no conclusion has been made with regard to the great East Asian war" to influence the young people and affect Japan's development orientation in the future, then the young people who have little understanding of the war may be easily misled to a wrong road, and the painful experience and sufferings caused by the aggression may be once again recalled to Asian people and arouse their indignation. This may thus harm Japan's peace image in the international community.

There are still some people who, more often than not, lump together respect for national feeling and criticism of the behavior of a small number of people. We cannot agree with this practice. The war of aggression launched by the Japanese militarists plunged the Chinese people and other peoples in Asia into an abyss of suffering and also brought a tremendous catastrophe to the Japanese people. The Chinese people have always had sympathy with the Japanese people in their sufferings. In the final analysis, renouncing the right to demand war reparations means not asking the Japanese people who suffered in the war to repay debts for a handful of militarists. The Chinese people can also understand the custom of the Japanese people to mourn for their relatives who lost their lives in the war of aggression. But, honestly speaking, we cannot refrain from asking ourselves why those people who glibly talk of "respecting one's feelings" do not respect the feelings of the people of other countries who suffered greatly in the war of aggression and why they do not honestly admit occupying the territories of other countries and massacring innocent people as an act of aggression. Not only do the absurdities of beautifying the atrocities of aggression as "liberating the Asian people" and building "a happy land with a benevolent government" seriously hurt the feelings of the peoples of the countries which suffered in the war but they also profane the feeling of the Japanese nation. They are held in contempt by the broad masses of the Japanese people.

China and Japan are separated by a strip of sea and the peoples of the two countries have had contacts since early times. The period of misfortune in the history of the two countries has long been over. With the normalization of Sino-Japanese relations, the friendly cooperation between the two countries has been continuously developing and the profound friendship of the Chinese and Japanese peoples is increasing day by day. This is the main aspect and orientation of Sino-Japanese relations. In the 4-point proposals made by General Secretary Hu Yaobang on the development of Sino-Japanese relations of friendship in October of last year, he stressed that the consolidation and development of Sino-Japanese relations of friendship is an important matter which has a bearing on the long-term, fundamental interests of the peoples of the two countries and on safeguarding peace in Asia and the world at large. The governments and peoples of the two countries should continue to work hard to enhance their willingness to cherish the friendship between the two countries. For this purpose, we should have a correct approach toward history. The antagonism between China and Japan lasting for 5 decades was caused by a small number of Japanese militarist arch-villains. The Japanese people and the current government officials and public figures should not be held responsible for it. As far as the war of aggression launched by the Japanese militarist arch-villains against China, and the extremely great suffering caused by the war of aggression in China and other Asian countries are concerned, the Chinese and Japanese peoples and their children's children must take warning from his grave historical lesson. On the one hand, we should not allow the confrontations of the past to affect today's cooperation of friendship and on the other, whe should not show sympathy to the chief war culprits, still less connive at the activities of a small number of people who vainly attempt to revive militarism. The current "textbook issue" has once again forced the peoples of the two countries to review history and think deeply over the future. We think that the Japanese Government also attaches importance to this issue. Japanese Government leaders have expressed their readiness to handle the issue as soon as possible in accordance with the Sino-Japanese Joint Statement and the spirit of the 1982 speech by the director of the Cabinet Secretariat. We believe that with the concerted efforts of the Chinese and Japanese Governments and peoples, the attempt of a small number of people in Japan who go against historical trends and the will of the people will come to nothing and the Sino-Japanese relations of good-neighborliness, friendship, and cooperation will gain a new driving force for further development.

FILM ON JAPANESE WAR ATROCITIES SHOWN IN JAPAN

OW062118 Beijing XINHUA in English 1734 GMT 6 Jul 86

[Text] Toyohashi, Japan, July 6 (XINHAU) -- The Japan China Friendship Association of Toyohashi City, Aichi Prefecture today showed a documentary film to commemorate the 49th anniversary of the Lugouqiao (Marco Polo Bridge) incident, which was staged at Lugouqiao near Beiping (now Beijing) by Japan on July 7, 1937, marked the beginning of its all-out aggression against China.

"The aim of showing this film is to call on more people to work for peace and friendship between Japan and China by introducing an aggressive war which was not known by people," said an introduction to the film released by the association.

The film was documented by Masataka Mori and his team in China last summer to commemorate the 40th anniversay of the victory of the anti-Japanese war. It shows the ruins of the Fengman power station at which Japanese troops perpetrated a holocaust, and gives information about the notorious 731 germ unit and other massacres of the Chinese people committed by the Japanese militarists.

HU YAOBANG HOSTS BANQUET FOR CAMBODIA'S SIHANOUK

OW031806 Beijing XINHUA in English 1744 GMT 03 Jul 86

[Text] Beijing, July 3 (XINHUA) -- Prince Norodom Sihanouk, president of Democratic Kampuchea, said here today that, though he is not optimistic about seeing the liberation of his country in his lifetime, he is determined to fight to the end together with all patriots of Democratic Kampuchea. "This is my duty as president of Democratic Kampuchea and leader of the resistance forces," he added. Sihanouk made these remarks at a banquet given by General Secretary Hu Yaobang of the Chinese Communist Party Central Committee in honor of President Sihanouk and his wife Madame Monique Sihanouk's 50th birthday, here this evening.

Sihanouk told Hu that he will continue the struggle to the very end and never give up. "I did not back down in the struggle against the French and American invaders and neither shall I do so in the struggle against the Vietnamese aggressors," he added. He said that he is now working together with Son Sann and Khieu Samphan. "Although the Khmer Rouge once persecuted me and my family, I am still working together with the Khmer Rouge in the struggle. This is because I am considering the interests of my nation and not my personal interests," he said.

Hu Yaobang praised Sihanouk's words on an occasion celebrating Madame Sihanouk's birthday. He expressed the belief that the Kampuchean people will win the final victory in their struggle to resist the Vietnamese aggressors and save their nation.

Sihanouk congratulated Hu on his successful visit to four Western European countries. He said that Hu's historical visit has heightened China's prestige in the world arena and called it a great encouragement to the Third World peoples, especially the Kampuchean people, in their just struggle.

Hu briefed Sihanouk on his visit to the four European countries and said that the leaders of the four countries had expressed their support for the eight-point proposal put forward by the Coalition Government of Democratic Kampuchea for a political settlement of the Kampuchean question.

CGDK DIPLOMAT CONDEMNS SRV EXPANSIONISM

OW090050 Beijing XINHUA in English 0033 GMT 9 Jul 86

[Text] Islamabad, July 8 (XINHUA) -- "The root cause for the Kampuchea issue is the Vietnamese expansionism," Chan Youran, ambassador-designate of the Coalition Government of Democratic Kampuchea (CGDK), told reporters here today. The Vietnamese aggressors have occupied Kampuchea for the last eight years and "have sought to Vietnamize Kampuchea by sending 700,000 Vietnamese to the country," he said. He said that "we are now fighting like the Afghan people for the independence of our country and for national survival."

Politically, he said, the Vietnamese authorities have tried to undermine the unity among leaders of the Coalition Government of Democratic Kampuchea but they have failed and will fail. Diplomatically, he said, the Vietnamese authorities are internationally isolated as the support of the international community is with the people of Kampuchea fighting for national survival. He also said CGDK favors a peaceful political solution of the Kampuchea issue and called on the international community to continue to press for the withdrawal of Vietnamese forces from Kampuchea.

PAKISTAN AIR FORCE MISSION MEETS ULANHU

OW031410 Beijing XINHUA in English 1347 GMT 3 Jul 86

[Text] Beijing, July 3 (XINHUA) -- Vice-President Ulanhu said here today that the Chinese Government, people and Army treasure their friendship with the Pakistan Government, people and Army.

At a meeting with a Pakistan Air Force goodwill mission led by Air Chief Marshal Jamal Ahmad Khan, chief of staff of Pakistan Air Force, here this afternoon, Ulanhu welcomed the mission on behalf of President Li Xiannian.

The traditional friendship between the two countries, he said, has stood the test of time and taken root in the hearts of the two peoples. This friendship has been further consolidated and expanded over the past three decades thanks to the concerted efforts by leaders of the two countries. Moreover, these has been more exchange of visits between the two armies.

China and Pakistan are developing countries facing the same tasks of developing their national economy and improving their people's living standard, he went on. Both countries need a peaceful environment and are working for peace in Asia and the world.

The vice-president reiterated that China will, as always, firmly support Pakistan in its just struggle for national independence and state sovereignty and against foreign interference and aggression.

Jamal said the close relationship between the two armies will surely develop with the concerted efforts by the two sides.

FORMER AFGHAN KING DEMANDS SOVIET WITHDRAWAL

OW081002 Beijing XINHUA in English 0953 GMT 8 Jul 86

[Text] Islamabad, July 8 (XINHUA) -- Former King of Afghanistan Zahir Shah has demanded an immediate Soviet troop withdrawal from Afghanistan. "The sooner they (Soviets) withdraw the better," he told the Pakistani newspaper "THE MUSLIM" in an interview that was published in the paper here today.

Referring to the Kabul regime, he said he does not think the regime could survive a Soviet withdrawal of forces from Afghanistan, because the "people have opposed this regime and have fought a war of registance against it." He also said that a neutral, genuinely non-aligned Afghanistan with friendly relations with all countries would be a factor for peace and stability in the region. "Any other image of role for Afghanistan, not having these conditions, cannot be a guarantee for peace and security for the region," he added.

He praised Pakistan's assistance to Afghan refugees and its efforts to help seek a political settlement of the Afghan problem. "Pakistan and its people, as brothers and as a Muslim nation, have given the maximum assistance during this Afghan tragedy. Three million of our people who were rendered homeless were accepted by Pakistan and the Pakistan Government is genuinely seeking ways for a settlement in Afghanistan. I'm deeply grateful to Pakistan," said Zahir Shah.

Zahir Shah, who is now living in exile after being ousted in a coup some 13 years ago, gave this interview to "THE MUSLIM" in Rome on June 19.

FURTHER REPORTAGE ON ZHAO'S EUROPE-AFRICA TRIP

Continues Talks With Mikulic

OW081520 Beijing XINHUA in English 1501 GMT 8 Jul 86

[Text] Belgrade, July 8 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang held the second round of talks here this morning with Yugoslav Premier Branko Mikulic.

Chinese sources close to the talks said that the two premiers heard briefings on the results of the talks held yesterday between vice-foreign ministers and officials in charge of economic and trade relations of the two countries. The two premiers were satisfied with the results of these talks, said a Chinese Foreign Ministry official who participated in the talks.

He disclosed that the separate talks between high-ranking officials centered around concrete measures to be taken by both countries to strengthen cooperation in the economic, trade, scientific and technological fields. But he did not specify what measures will be taken and what cooperative projects the two sides have agreed to undertake.

The premiers were very glads that in these talks, officials from both sides have expressed strong desire and proposed many constructive measures for the strengthening of friendship and cooperation between the countries. The two premiers promised to take positive steps to carry out these proposals, he noted.

Prior to the second round of talks, the two premiers met privately at the office of Yugoslav Premier Branko Mikulic. No details about the meeting were disclosed. The two premiers held their first round of talks on July 6 shortly after Zhao's arrival.

Premier Zhao, on the third day of his stay in this country, will leave Belgrade for Ljubljana this afternoon for sight-seeing.

Meets Yugoslav President

OW081547 Beijing XINHUA in English 1525 GMT 8 Jul 86

[Text] Belgrade, July 8 (XINHUA) -- Sino-Yugoslav cooperation in all fields is beneficial to the socialist construction of both countries as well as to world peace and development. Sinan Hasani, president of the Yugoslav Federal Presidency, said this when he met with visiting Chinese Premier Zhao Ziyang at the White Palace here this morning.

The Yugoslav President said he appreciates China's correct stand and positive role in safeguarding world peace, supporting the Non-Aligned Movement and resolving world economic problems. President Hasani said Yugoslavia and China have the same goals in their national construction, and both of them are building socialism and safeguarding world peace in the light of their specific conditions.

Chinese Premiere Zhao said his talks with Yugoslav leaders indicate that China and Yugoslavia share identical or similar views on various international affairs. He noted that both sides have strong desire to strengthen Sino-Yugoslav friendship and cooperation on an all-round, stable and long-term basis. Zhao expressed full confidence that the two countries' relations will develop steadily in the future.

During the talks, the Chinese premier hoped the forthcoming non-aligned summit in Harare will be successful. China highly appreciates the role of the Non-Aligned Movement in international affairs, he said.

The talks were followed by a luncheon hosted by President Hasani. The Chinese premier leaves this afternoon for Ljubljana to continue his Yugoslavia visit.

Visits Republic of Slovenia

OW082355 Beijing XINHUA in English 2343 GMT 8 Jul 86

[Text] Ljubljana, Yugoslavia, July 8 (XINHUA) — The visiting Chinese Premier Zhao Ziyang expressed his hope today that the northernmost Yugoslav Republic of Slovenia would expand and develop economic and technological cooperation with various provinces in China so as to make a greater contribution to the enhancement of Sino-Yugoslav relations.

The premier met Dusan Sinigoj, president of the Executive Council of Slovenia shortly after his arrival here from Belgrade this afternoon after two busy days of political talks there.

The Slovenian leader welcomed Zhao's visit to this republic and briefed the Chinese premier and his party on the economic development in Slovenia and the results of its economic and technological cooperation with China. He also offered some specific proposals for expanding this cooperation.

The Chinese premier spoke highly of the remarkable achievements made by the Slovenian Republic in its economic development, which he described as of nationwide significance in Yugoslavia. "There is a lot China can learn from you," he said.

The premier expressed satisfaction with the steady growth of cooperation between Slovenia and China's Sichuan Province. He hoped that the cooperation will be extended to other regions in China.

Zhao pointed out that the projects of Slovenia's economic coopertion with China had been well selected and the form of cooperation was also good. This, he said, can be taken as an example for other regions of Yugoslavia in their efforts to develop cooperation with China.

Slovenia is the country's most-developed region. Its per-capita national income has reached over 6,000 U.S. dollars a year as compared with about 2,700 dollars for the whole country.

The Republic has established direct relations with Chia's Sichuan Province. Its capital Ljubljana and China's Chengdu are twin cities.

Romanian Press Praises Visit

OW081948 Beijing XINHUA in English 1536 GMT 8 Jul 86

[Text] Bucharest, July 8 (XINHUA) -- Romania's leading newspapers have described Chinese Premier Zhao Ziyang's five-day visit as "a major political event" in relations between the two countries.

The Romanian Communist Party daily "SCINTEIA" ("SPARK") said in a commentary that Zhao's visit last week showed that relations between Romania and China are firmly established on the basis of independence, sovereignty, equality, mutual benefits and non-interference in each other's internal affairs.

Such relations have been and will be a reliable guarantee for the two countries to develop future cooperation, the paper noted.

"SCINTEIA" said the talks between Romanian leader Nicolae Ceausescu and Zhao demonstrated that "our two countries have shared identical or similar views on the present international issues," agreeing that the international community must make efforts to prevent the situation from turning to a dangerous direction.

"ROMANIA LIBERA" ("FREE ROMANIA"), a daily newspaper of the socialist and democracy and unity front, stressed that developing friendship and cooperation with China is the unremitting policy of the Romanian party and government.

The newspaper "SCINTEIA TINERETULUI" ("YOUTH SPARK", published by the Central Committee of the Union of the Communist Youth of Romania, said the Romanian people are glad to see the fruitful visit of the Chinese premier and believe that friendship, cooperation and unity between China and Romania are conducive not only to the two countries, but also to peace and socialism in the world.

VICE FOREIGN MINISTER ZHU QIZHEN IN LATIN AMERICA

Meets Brazil Foreign Minister

OW040646 Beijing XINHUA in English 0614 GMT 4 Jul 86

[Text] Brasilia, July 3 (XINHUA) -- The Brazilian Foreign Minister, Abreu Sodre, said Wednesday that Brazil and China are two large developing countries that have many coinciding aspects and can play an important role in the promotion of South-South cooperation. Sodre made the remarks when meeting Chinese Vice-Foreign Minister Zhu Qizhen, who attended the first round of Sino-Brazilian political consultations which ended Wednesday. Sodre expressed his desire that economic and technological cooperation and trade between the two countries be increased in the future.

The Brazilian foreign minister described as "important" the first round of Sino-Brazilian political consultations, saying that they helped to increase comprehension and understanding between the two countries. Zhu extended Sodre an inviation to visit China and handed him a letter from Prime Minister Zhao Ziyang to Brazilian President Jose Sarney.

The two day political consultations, attended by Zhu and the secretary-general of the Brazilian Foreign Ministry, Renalto Costa, centered on international issues of common concern and bilateral relations. The high level political consultations was arranged during Chinese Prime Minister Zhao Ziyang's visit to Brazil last October. According to the arrangement, the two parties will meet once a year to examine the international situation and relations between the two countries.

Visits Trinidad, Tobago

OW070236 Beijing XINHUA in English 0200 GMT 7 Jul 86

[Text] Bridgetown, Barbados, July 6 (XINHAU) -- Chinese Vice Foreign Minister Zhu Qizhen left Port of Spain for Mexico today after a three-day visit to Trinidad and Tobago. According to a report from the Trinidadian and Tobagan capital, acting Prime Minister Kamaluddin Mohammed met with the Chinese vice foreign minister on Friday. During their meeting, Mohammed expressed satisfaction over the development of friendly relations and cooperation between the two countries since the establishment of diplomatic relations in June, 1974. He said that such good relations are in the interests of the peoples of the two countries. Zhu Qizhen also had talks with acting Foreign Minister Overand Padmore on bilateral relations and a number of international issues. The Chinese vice foreign minister arrived in Trinidad and Tobago on July 3.

COLOMBIAN VISA TAX EFFECTS PRC TRAVELERS

OW090038 Beijing XINHUA in English 0016 GMT 9 Jul 86

[Excerpt] Bogota, July 8 (XINHUA) -- The Colombian Government yestereday established a stamp tax on tourist visas for 22 countries. The tax ranges from two U.S. dollars (or its equivalent in other currencies) to 30 U.S. dollars. In accordance with the principle of reciprocity, the Ministry of Foreign Affairs will drop this tax for citizens of the countries which do likewise for Colombian tourists. Under the decree, tourists from China, which appears among the 22 countries, as well as Egypt and Iran must pay 10 U.S. dollars or its equivalent in other currencies in order to get Colombian tourist visas. [passage ommited]

WANG MENG INTERVIEWED ON CULTURAL DEVELOPMENT

OW090003 Beijing BEIJING REVIEW in English 7 Jul 86 p 14

["Main points" of interview by Wang Meng, author and recently-appointed minister of culture, with BEIJING REVIEW correspondent Wei Liming on plans for cultural development and the implementation of the policy of "Let 100 Flowers Blossom and 100 Schools of Thought Contend"; capitalized passages published in boldface, and underlined passages published in italics]

[Text] The appointment of an author as minister of culture is enough to attract curiosity about the man himself. But when I met Wang Meng, 51, in his small office, I saw nothing out of the ordinary: The new minister was simply dressed and very straightforward.

Talking about China's cultural development, Wang said that although there are numerous problems to be tackled, consistency of the cultural principles and policies is the key to developing China's culture.

He said cultural development cannot do without the expansion of the country's other undertakings, economic construction and economic reforms in particular.

"It is as simple as this," Wang said, "If China's economy fails, the people will suffer from hunger as they did before, and developing culture will be out of the question." Only under a stable political situation and a developed economy is it possible to secure a long-term steady advance of culture, Wang said. What he expects, he said, is that the reforms will proceed in a prudent way under economic and political stability.

Wang said the development of cultural undertakings requires talented people. "The roles of individuals should not be underestimated," he said. "China's culture can make progress only after we have trained a contingent of top-notch people and given full scope to their talents."

Wang, who was a fan of traditional operas, said, "When we talk about Beijing opera we often mention Mei Lanfang, Shang Xiaoyun, Cheng Yanqiu, and Xun Huisheng -- the four famous male artists who played female characters. These four represent the best of Beijing opera. So far no one has surpassed them.

"That is just the way it is. Even if you put 100, or even 1,000 people on the stage or asked all of China's 1 billion people to sing the 'model operas,' you would still find it hard to beat Mei Lanfang."

Wang said taking care of, training and properly using talented people is fundamental to the development of culture and art. "Particularly art," he said.

"I AM STILL A WRITER." When asked whether being a government minister conflicts with his literary creativity, Wang said confidently: "I am still a writer. I don't think my creative activities will ever conflict with my work."

However, he admitted, a minister's workload is very heavy and, having devoted himself to creative writing for so long he has had to learn many things from scratch. Acquiring such knowledge, he said, will take a lot of time and energy. "Still, I will manage to publish new works," Wang said.

Since February of this year, Wang has completed five short stories. On the night before our interview, he had finished the fifth story in his series Newcomers From the Mainland which depicts the lives of a group of Chinese mainlanders who have emigrated to the United States in recent years. The first story of the series has already been published.

Wang said being a minister, he was able to foster wide contacts with the literary world, which would help him maintain his friendship with other writers and artists and share their common language.

"I hope I can always be a true colleague and friend of the artists, and I wish to enjoy and keep their trust through my day-to-day work."

"Many people said I would never be a writer once I became a minister. I will prove them wrong with my works. Though it will be hard, I'm confident I can make it."

Wang concluded his remarks with a Chinese proverb and repeated it in English: "Where there's a will, there's a way."

DEBATES IN THE LITERARY ARENA. A famous writer himself, Wang is familiar with the current tendencies and debates in China's literary and artistic circles, and he reeled off four fields of debate he thought to be the most prominent.

The first is centred around the "subjective role" in literary creation. Some people have criticized Chinese literary writings and theories as a whole for the lack of understanding of the "subjective roles" of people and of writers and artists. Others, however, believe the criticism runs counter to the Marxist theory of reflection.

The second, he said, is around the "new methods" of literary criticism. Some people have proposed that while studying literature and art, some theories of natural sciences, such as information theory, systems analysis and cybernetics, be introduced and that only by breaking through the limit of the so-called "sociological" methods can literary criticism produce new results. Their opponents, however, think mechanically applying the three theories to research of literature and art is characteristic of dogma divorced not only from literary and artistic practice but also from the Marxist view on art.

Wang said the third concerns "modern consciousness." Some people have said Chinese writers and artists should seek "modern consciousness" in modern theories and art from abroad so as to invograte China's literature and art and inject new life into them. The opposing argument, however, contends that modern art from abroad, particularly the art of the modernist schools, contains many negative and decadent elements. Instead of being imported, the decadent trash, they said, should be boycotted.

The fourth is about tracing the roots of Chinese culture, Wang said. Its proponents hold that China's national culture has deep, ancient roots that can be traced to the nation's ancient literature and art and to the Chinese people's traditions. These people argue that in order to open Chinese literature to the world literary arena, Chinese writers must shore up their works with the strength of the nation's ancient genres. Opponents to the idea, however, maintain that such a practice is likely to lead people into something primitive, remote, wild and even barbaric. Moreover, an overemphasis on the past may dampen writers' and artists' enthusiasm for modernization.

These are the major debates in the literary circle, Wang said. The debates of the entire cultural world, however, are numerous. For instance, Wang said, there has been much controversy about traditional opera. Some have predicted that China's traditional operas would eventually become a sort of literature for study, but not for the stage, and that the best thing to do now is videotape the good operas in order to preserve them. This view, however, has been strongly opposed by many who think China's traditional operas have their own distinctive artistic appeal. Rich, colorful and highly artistic, operas occupy a special and firm place in world culture, they say. Because of this, Chinese operas will never perish, but will develop unabated. Wang said that classical and popular music is also a topic for heated debates in China today.

Two months before Wang took office as minister of culture, I have interviewed him on the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" as well as literary criticism. He answered my questions very frankly.

A GOLDEN BUT DIFFICULT TIME Our conversation started when I asked MinisterWang how he would describe the situation in China's current cultural development. "It is new China's golden time; it is also a time filled with difficulties," Wang answered without a second thought.

Wang said China's cultural growth and activities are thriving as never before, with literature, art, traditional operas, films, acrobatics, music, archaeology and publication gaining fresh vitality. Even libraries are at a peak which has not been reached since liberation, he said, adding that never before in his life had he seen libraries thriving as they are today, so teeming with people, both old and young.

Wang said all this is evidence that with the realization of social stability and economic growth, people have become more demanding for a better cultural life. At the same time, many new problems have arisen, problems that are typical of the new period of historical development. Because many theatrical performances have found their way into families in China through TV sets, the lesser quality performance in theatres have failed to draw large audiences. "Of course," Wang said, "a good play or performance will still pack the theatre."

Wang said stage plays and traditional operas are in an uphill competition against dazzling and fast-paced foreign dramas. Common operas that are slow in plot development and minute descriptions are drawing even smaller audiences. This has been particularly evident when a Peking [as published] opera is staged is a big city. Wang said, however, that the situation is somewhat better with the local operas since they are deeply loved by the farmers. Helping the operas attract more young people, Wang said, is one of the major problems he is now faced with.

"That is why I said Chinese cultural repertoire is both developing and also confronted with many problems and with great difficulties," he said.

In addition, Wang said, the existing cultural establishments, including libraries and museums, are far from enough to meet the growing demands of the people despite their expansions. And, our facilities, Wang added, also lag far behind those in developed countries.

"I LOVE THE DOUBLE-HUNDRED POLICY." This year, China has marked the 30th anniversary of the implementation of the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" set forth by Mao Zedong in order to expedite the progress of China's arts and sciences. As a budding writer in the 1950s, Wang has also experienced ups and downs in his writing career. When speaking of Mao's policy, Wang said feelingly, "I love the 'double-hundred' policy very much."

Wang said the policy could arouse the enthusiasm of the writers and artists and give them the leeway to display their individual artistic character." It is a policy that guarantees democracy in the literary and art fields," he said.

Wang recalled when the "double-hundred" policy was instituted in 1956, good results were achieved, and new works and artistic research flourished. One of those achievements was the creation of two QU Operas, YANG NAIWU AND XIAOBUICAI and FATE IN TEARS AND LAUGHTER. The former is an unjust case that took place during the Qing Dynasty (1644-1911), and the latter depicts the life of citizens in the early years of the Republic of China (1912-49).

"Inspired by the 'double-hundred' policy, I wrote YOUNG NEW MEMBERS OF THE ORGANIZATION DEPARTMENT (which describes how the young people fight bureaucracy). "The 'double-hundred' policy created a more open and relaxed atmosphere for writers and artists and encouraged people to express their criticism. However, before long, I was sent to political hell and had to stop writing for almost 20 years," he said. "The 'double-hundred' policy was actually abandoned during the 'Cultural Revolution."

The Third Plenary Session of the 11th Party Central Committee held at the end of 1978 put an end to the "leftist" policy and reinstituted and enriched the "double-hundred" policy in literature and art. Wang said it was only then that he regained his right to write. In the short span of seven years from 1979 to 1986, Wang said, he churned out a number of novels and essays, which total more than 2.5 million Chinese characters.

"For me, my fate hinges on the 'double-hundred' policy." he said. "Only when the policy is implemented to the letter can I lead my artistic life and create and study new works."

"ONE SHOULD NOT BE OVERSENSITIVE TO LITERARY AND ART CRITICISM." Literary and art criticism has always been a matter of sensitivity in China. With the implementation of the "double-hundred" policy, Wang said, criticism is inevitable and normal. "If nobody pays attention to their art, writers and artists will suffer the most painful of sorrows," Wang said.

"However, criticism should be based on reason and equality and free from administrative pressure: It should be made in the manner of conducting a discussion," he said.

Wang said no literary or art work, be it Chinese or foreign, modern or ancient, is immune from criticism. When the works of Balzac and Cao Xueqin were studied, he said, their faults were also pointed out. Cao died hundreds of years ago, but the famous Chinese writer is still criticized. "Who can escape being criticized?" Wang asked.

Wang said in 1982 when he was in the United States, he visited playwright Arthur Miller. When asked about the fate of his new drama, Miller said that depended on newspaper reviews.

Even famous writers like Miller wait anxiously for criticism, and such anxiousness is normal, Wang said.

However, Wang pointed out, criticism did at one point get off track in China. He said his novel, YOUNG NEW MEMBERS OF THE ORGANIZATION DEPARTMENT published in 1956, drew a variety of criticism the following year. "At first, I was happy about this criticism," he said. "However, later I was labelled a rightist and expelled from the Party. From then on, I was unable to write for 20 years."

"Writers do not welcome criticism of this kind, that's for sure," said Wang with a smile. "Oppressive criticism should not be meted out to the writers unless they have violated the law."

Wang said an indication of the correct implementation of the "double-hundred" policy is that literary and art criticism is normal, sound and democratic.

Due to the long period of unhealthy criticism in the past, Wang said, some writers and artists have become gun shy and too sensitive to even the slightest criticism. Wang said such behaviour, which is entirely unnecessary, is another problem confronting China today.

Foreigners also seem to be too sensitive to literary and art criticism in China. Whenever there is such criticism, they feel something auguring ill might take place in China, Wang said.

An example of this, he said, is Zhang Xianliang's latest book entitled HALF A MAN IS A WOMAN, which has been making a splash in China because it is the first Chinese work to discuss the suppressed sexual desires of a man. During Zhang's recent visit to the United States, BEIJING RIBAO (BEIJING DAILY) carried a reader's letter criticizing the book. The letter, which ran only 500 Chinese characters, was featured prominnently by some foreign news agencies and in Overseas Chinese newspapers and Taiwan papers, people even dissuaded Zhang, then in the United States, from returning home to avoid being sent to the labour camp again. (Zhang was sent to do forced labour in the Nigxia Hui Autonomous Region for many years on charges of being a rightist). Zhang rejected the offers, and upon his return to China, he found that nothing happened to his disadvantage. Instead, he was met by his wife at a luxury hotel in Guangzhou and accorded a warm welcome by leaders of the cultural department in Ningxia when he returned to his work unit there.

Wang Meng said he thought it was natural that foreigners might react that way, because there have been times in China when artists were persecuted and their families were even torn apart. The tribulations and sufferings of noted author Lao She and Beijing Opera artist Zhou Xinfang during the "Cultural Revolution" still remain fresh in people's memories.

Wang said he found an article by author Xiao Qian very interesting. During the writer's visit to Britain in 1984, a British sinologist asked him if Zhang Xinxin had been sent to a labour camp (Zhang Xinxin is a young woman writer. For details please see "Woman Writers Through Three Generations" in our issue No. 9. 1986). Though Xiao didn't know Zhang then, he still thought the answer must be no. Actually, at that time, after finishing her book, BEIJING CITIZENS, Zhang was going southward by bike along the Grand Canal. On her way, she appeared now and then on TV, showing how she leisurely observed the lives of the people along the canal.

"Therefore," Wang said seriously, "first, I'd like to see people making sensible literary criticism; second, I hope Chinese writers and artists will take an equally sensible attitude towards criticism; and third, I hope foreign friends and foreign journalists will, too, become sensible when reporting on literary criticism in China. People should not be so hypersensitive."

WRITERS, ARTISTS COMMEMORATE MAO DUN'S BIRTH

Wan Li Attends Ceremony

OW031350 Beijing XINHUA in English 1338 GMT 3 Jul 86

[Text] Beijing, July 3 (XINHUA) -- A bust of Mao Dun (Shen Yanbing), a leading Chinese writer, was unveiled here today at his former residence. Acting Premier of the State Council Wan Li, Minister of Culture Wang Meng and nearly 100 representatives from literary circles attended the unveiling ceremony.

Mao Dun (1896-1981) was a pioneer of China's progressive contemporary literature and an outstanding fighter for proletarian culture. His main works include "Midnight", "Spring Silkworms" and "Lin Family Shop." Many of his works have been translated into English, French, Russian, Japanese and other languages.

He was new China's first minister of culture and held the post till 1964. He was also honorary chairman of the China Federation of Literary and Art Circles, chairman of the Chinese Writers Association and vice-chairman of the National Committee of the Chinese Political Consultative Conference. A literary award named after Mao Dun was set up not long ago.

The sculptor of the bust is Cao Chunsheng, a teacher at the Central Academy of Fine Arts.

"Since the bust was to be erected in Mao's former residence where he had received many young writers in his later years, my work depicts the kindness and amiability of the late writer," the 49-year-old sculptor said. The Chinese Writers Association will hold a rally tomorrow to mark the 90th anniversary of Mao's birth.

Meeting in Beijing

OW041410 Beijing XINHUA in English 1344 GMT 4 Jul 86

[Text] Beijing, July 4 (XINHUA) -- More than 200 writers and artists gathered here today to commemorate the 90th birth anniversary of Mao Dun (1896-1981), one of the founders of China's contemporary literature.

In his speech, Xia Yan, vice-chairman of the China Federation of Literary and Art Circles, who presided over today's meeting, said Mao Dun was a pioneer of China's new culture movement during the late 1910s and an outstanding proletarian revolutionary. His works are "a rich, high-grade literary mine." When introducing Mao's life and career, Xia said the great literary man was one of the earliest members of the Chinese Communist Party. And as early as 1920, one year before the Chinese Communist Party was set up, Mao was a member of Shanghai's communist group.

Zhang Guangnian, a veteran writer and vice-chairman of the Chinese Writers' Association, commented that the foundation of China's revolutionary literature and art was laid by Mao Dun together with Lu Xun and Guo Moruo. He praised the literary master as a full representative of the civilization and wisdom of the Chinese nation in the 20th century.

Mao's literary works, including his translations, total about 15 million words, involving every aspect of Chinese and foreign literature and art. Many of his works, such as "Midnight," "Eclipse," "Rainbow," "Spring Silkworms and Other Stories" and "Lin's Shop," are not only well-known in China, but have also been translated into more than 20 foreign languages.

In his letter to the meeting, famous writer Yie Shengtao said Mao's "Midnight," a novel which reflects China's modern history, is both a literary masterpiece and an excellent thesis by a social scientist.

Mao Dun was chairman of the Chinese Writers' Association for 30 years. During his career, he always supported young writers. And before his death, he donated 250,000 yuan to the Chinese Writers' Association as a fund for novel prizes. Today's meeting was sponsored by the China Federation of Literary and Art Circles, the Chinese Writers' Association, the Commercial Press and the Mao Dun Society.

Mao Dun's Heritage Carried On

OW042018 Beijing XINHUA in English 1516 GMT 4 Jul 86

[Excerpts] Beijing, July 4, (XINHUA) -- The ideology and literary heritage of the late Mao Dun, China's new culture movement pioneer, is being carried forward across the nation, Bao Chang of the Chinese Writers' Association said today.

Speaking at the commemoration meeting to mark the 90th birth anniversary of Mao Dun (1896-1981), Bao said the Mao Dun Literary Awards Committee, founded with 250,000 yuan of his donated remuneration as a fund has cited a number of novels since 1982. "This has stimulated Chinese writers' initiative in writing more novels," Bao indicated.

According to Bao Chang, the association is compiling a 40-volume "Complete Works of Mao Dun", and the first 17 volumes will come out this year. [passage omitted]

Bao said the Mao Dun Research Society, founded in 1983, has 156 members, most of whom are specialists in higher-learning intitutions. The society has also conducted academic exchanges and has academic relations with foreign countries. In addition, Mao Dun's former residence in Beijing, opened to the public in March last year, has been visited by more than 4,000 people.

BEIJING REVIEW INTERVIEWS WRITER ZHANG XIANLIANG

OW090337 Beijing BEIJING REVIEW in English 7 Jul 86 p 18

[By correspondent Jian Chuan; capitalized passages published in italics]

[Text] When 49-year-old Chinese author Zhang Xianliang was visiting the United States last November, his latest novel HALF A MAN IS A WOMAN came under intense criticism at home. Because criticism of literature and arts was something of a barometer of the political atmosphere in China, some of Zhang's American friends asked him to stay in the United States and avoid the possible repercussions of being the author of a controversial book. Others told Zhang he should apply for "political asylum." Declining their advice, however, Zhang returned to China and to the debate his novel had inspired.

In order to find out how Zhang and his career have weathered the storm of criticism over HALF A MAN IS A WOMAN, I visited him during his stay in Beijing as a deputy to the Fourth Sesion of the Sixth National Committee of the Chinese People's Political Consultative Conference, which concluded in mid-April.

Zhang is thin, tall, sharp and outspoken. Neither his voice nor his composure ever indicates he is in trouble.

A prolific writer, he has, since 1979, written two novels, two collections of novelettes, two collections of short-stories, one collection of prose and three short novels. His work has so far totalled 1.4 million Chinese characters. Five of his stories have been adapted into movies.

Zhang's career, however, has not been easy. He has strggled long and hard to achieve his current status. In the late 1950s, he fell victim to the "left" deviationist policies and was sent to a "reeducation-through-labour" farm for many years. He said the experience left him with a collection of insightful ideas on the tragedy of the 1950s. One of the stories inspired by his experience in the labour farm was SOUL AND FLESH, which gives an account of the untold sufferings of an intellectual.

SOUL AND FLESH recently won the national best short-story award. His other story, LONG ZHONG, won the literary prize of the influential literary monthly DANG DAI (Contemporary), while the movie HORSEMAN adapted from SOUL AND FLESH was awarded a prize of honour at the Second International Movie Festival held in Manila in 1983 and a national best feature film prize the same year.

Recently, Zhang's stories THE STYLE OF MAN, MIMOSA and HALF A MAN IS A WOMAN have triggered a great deal of debate which continues today in China's literary world.

HALF A MAN IS A WOMAN, a serial to MIMOSA, describes the life of a condemned intellectual on a "reeducation farm" when "leftist" policies dominated in China. On the "reeducation farm," the intellectual meets a pretty but troubled woman, whom he falls in love with and later marries. In trying to make their first night together, he finds he is impotent because of living so long under duress. Though he later recovers his potency with the help of his bosomy wife, he comes to regard theirs as a marriage based on sex and lacking in understanding. Because of this they get divorced.

In a country like China, where feudal ethics have prevailed for hundreds of years behind closed doors, any description of thoughts or activities related to sex has been off limits. Zhang's story HALF A MAN IS A WOMAN no doubt poses a serious challenge to this "forbidden zone."

Critics say the story has uncovered sexual hunger, reproduced the suffocating and distorting effect "leftist" policies had on people and revealed the untold injury the "Cultural Revolution" inflicted on the souls of the Chinese people.

Some contend that in HALF A MAN IS A WOMAN Zhang has given an insightful account of the social life of China's recent past through descriptions of sexual relations, and that the story shows China's literature has reached a new depth. They say his thoughtful account of sex has awakened people to modify their understanding of man's nature, dignity and value.

Others, however, are discontent with his portrayal of sex, on the grounds that his description of sexual thoughts and sexual life is too explicit. Author Wei Junyi said the story was published so quickly and sold so well that no other "serious" story could match it. As a result, Wei said, she is nervous, perplexed and worried about the future of Chinese literature.

Zhang has views of his own about the story. When asked why he wrote HALF A MAN IS A WOMAN, Zhang said he wanted to unravel some of the twisted thoughts of that time. "The story has a serious subject. It is not just about sex. It is intended to describe pent-up human nature through a description of sex and then the pent-up anxieties of people in a distorted society."

A story, no matter who writes it, will be interpreted differently by people with different cultural backgrounds and experiences, Zhang said. Dispute is therefore inevitable. "Almost half of my works are controversial. Criticism is not something frightening. Only in a good creative environment, in which literary criticism is confined to the literary field alone and should not be involved with the writer's political or moral attitude, he said, can criticism be really beneficial.

In the 1950s when Zhang was a teenager, the prevailing permissive political climate provided him the latitude he needed to exert himself as an aspiring author. In 1956, the Chinese Communist Party set forth the policy of "letting a hundred flowers blossom and a hundred schools of thought contend," a principle intended to promote the prosperity of culture and literature. Zhang said he was excited by the policy and became all the more diligent, writing and writing until towards the end of that year he published his poem ODE TO THE WIND. Unfortunately, however, this poem landed Zhang in trouble and began his unexpected suffering. On September 1, 1957, the PEOPLE'S DAILY, the newspaper of the Chinese Communist Party, published a 1,000-character article, criticizing ODE TO THE WIND. Far from a literary criticism, the PEOPLE'S DAILY article picked several descriptive stanzas out of the poem and stretched their meaning in the context of politics. In the article, Zhang was accused of personifying the wind in order to sling mud at socialism. It was a poem full of hostility, the article concluded.

It was because of this PEOPLE'S DAILY article that Zhang was labelled as a "bourgeois rightist" overnight. He was fired from his job, subjected to "re-education through labour," and lost his personal freedom and the right to write.

"The 'double hundred' policy died a premature death in 1956 before it was implemented in its real sense," Zhang said.

In 1979, after the party started rectifying "leftist" mistakes, Zhang was exonerated together with many others. Since 1980, Deng Xiaoping and Hu Qili, two of the top Chinese leaders, have reiterated on many occasions the importance of the "double hundred" policy and of the freedom to write. Encouraged, Zhang picked up his pen once again with renewed rigour. "I am now full of confidence in the 'double hundred' policy, because it has been reinstituted in a new historical period after the nation has learnt from the past. History will not repeat itself. In the past years, I have written some controversial stories. But controversy does not strifle my writing, my feelings, my social life, my position -- nothing."

In fact, Zhang said, controversy has fueled his work further. "In 1983, I was elected a member of the National Committee of the Chinese People's Political Consultative Conference. In July 1984, I was admitted to the Chinese Communist Party and later was elected president of the Writers' Association of the Ningxia Hui Autonomous Region. In 1984 and 1985 I was elected a member of the Presidium of the All-China Writers' Association at the Fourth National Congress of Literary Workers."

Our interview ended quickly because Zhang was returned to Ningxia that day. He said he was working on a novel about changes in rural families and ethics brought about by the rural economic reform and the development of the rural commodity economy. He said the book was to be a gift to the Ningxia Hui Autonomous Region on its 30th anniversary in 1987. In his mind, he said, another plot is simmering, a follow-up to MIMOSA and HALF A MAN IS A WOMAN. "I want to write more," he said, "To make up for what I lost in the past."

CENTRAL ADVISORY COMMISSION HOLDS MEETING IN WUHAN

HK030521 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 1 Jul 86

[Text] The first meeting of the central-south and southwest groups of the Advisory Commission of the CPC Central Committee was held in Wuhan from 23 to 30 June. Attending this meeting were comrades, including Liu Tianfu, Xu Jiatun, Tian Bao, Xie Zhenhua, Zhang Caiqian, Li Huamin, Zhao Xinhu, Xia Shihou, and Han Ningfu. Comrade Gu Zhouxin, a Central Advisory Commission member attended the meeting.

Although these veteran comrades have stepped down to the second line, they have paid close attention to the causes of the party and people. In light of what they saw and heard by themselves, the commission members conducted fervent discussion of the problem of reform of the economic structure and the problem of straigthening out party style. They all held: The central work of accomplishing the Seventh 5-Year Plan is to do a good job in reform of the urban economic structure while straightening out party style; the general mood of society is an important guarantee for doing well in reform of the urban economic structure. Therefore, putting forward many very good suggestions to the central authorities on how to do well in reform and straightening out party style shows the seriously responsible revolutionary spirit of the Communist Party members of the older generation.

During the meeting, the commission members also listened to the report of the Wuhan City CPC Committee on the status of comprehensive reform of the urban economic structure, visited factories, the meeting place of the 7 August conference of the CPC Central Committee [an urgent conference held by the CPC Central Committee in Hankou on 7 August 1927], and the old site of the Wuhan office of the Eighth Route Army, and went sight-seeing to places of historic interest and scenic beauty.

ARTICLE COMMEMORATES NORTHERN EXPEDITION

OW072011 Beijing XINHUA in English 1529 GMT 7 Jul 86

[Text] Beijing, July 7 (XINHUA) -- The Huangpu (WHAMPOA) Military Academy Alumni Associaton today called on students and teachers of the former academy to make greater contributions to the peaceful reunification of the motherland. This was contained in an article entitled "The Huangpu Military Academy and the Northern Expedition" written by the association in commemoration of the 60th anniversary of the expedition (1926-27). The article was released to the press today.

A training school for officers of the National Revolutionary Army during China's first revolutionary civil war (1924-27), the academy was established by Dr. Sun Yat-sen, protagonist of the Chinese Democratic Revolution, and was jointly run by the Kuomintang and the Chinese Communist Party. The Huangpu Military Academy alumni association was founded in June 1984 with Xu Xiangqian, vice-chairman of the Central Military Commission, as its president.

The article described the expedition, waged against the imperialists and the northern warlords, as a "revolutionary people's war of unprecedented size" which "wrote a glorious page in the history of the Chinese revolution". The victory of the expedition, the article noted, was achieved through the joint efforts of the Kuomintang and the Communist party, including the contributions and sacrifices of the Huangpu teachers and students from both parties.

After recalling the history of the expedition, the article pointed out that the revolutionary spirit of unity and hard struggle of the academy was best manifested in the expedition. It said that many leaders of the Kuomintang, including Chiang Kai-shek, played a "historical role" in the expedition.

Chinese Communists including the late Premier Zhou Enlai also played the role of the backbone in the expedition and made "prominent contributions" to it, the article said. The article went on to say that "owing to reasons known to all, misfortunes befell in the later stage of the northern expedition and this left a profound lesson to the whole Chinese nation."

During the war of resistance against Japanese aggression (1937-45), the article recalled, the two parties cooperated for the second time and emerged victors after eight years of heroic struggle. "The experience of the two instances of cooperation between the two parties is very valuable," the article said. It said: "It is the common wish of the people of all nationalities, including teachers and students of the academy living both on the Chinese mainland and abroad, that the two parties cooperate for a third time." The article called on all Huangpu teachers and students to adhere to the teachings of Dr. Sun Yat-sen and make greater contributions to the peaceful reunification of the motherland.

EDUCATION OFFICIAL ON POLICY ON OVERSEAS STUDIES

OW081258 Beijing XINHUA in English 1220 GMT 8 Jul 86

[Text] Beijing, July 8 (XINHUA) -- China will continue sending people to study abroad to support the country's economic development, a senior education official said in an interview with XINHUA carried by all major Chinese newspapers today. The interview was conducted Tuesday in response to requests from readers unclear about the country's policies on overseas studies.

Liu Zhongde, deputy minister of the State Education Commission, said there was "no truth to the rumor" that students going abroad have been required to pay 20,000 yuan to the government to get permission to leave. "But we are requiring anyone paid to go abroad to study to sign an agreement with the work unit financing the education," he said. Although Liu did not specify the terms of such agreements, he said they involved "respective responsibilities, duties and rights." Students to study abroad will be asked to agree to return to their own work units after their foreign studies.

Over the past seven years, more than 30,000 government-funded students have studied abroad. At the same time, another 8,000 students have been able to study overseas without government aid with scholarships or help from relatives or foreign friends.

The number of students traveling abroad under state funding over the next five years is likely to remain at current levels, according to Liu. But, he said, the overall number will increase because local authorities are enlarging exchange programs with other countries and beginning to send people to study abroad themselves, he said.

In the interview, Liu reiterated policies announced at a national meeting on foreign study in May. According to these policies, China will concentrate on sending people abroad in fields directly related to economic development. These include areas of contemporary scientific research as well as applied scientific fields, the official said.

Following the policies announced in May, he said doctoral level work would be encouraged. "But since China has been developing a wide variety of master's programs, there seems to be less of a need to send people abroad for beginning graduate study," said Liu. In general, he said, graduate students are being permitted to go abroad only after they have completed a master's degree at home.

DEVELOPMENT OF ECONOMIC FORESTS NEEDED

HK081418 Beijing RENMIN RIBAO in Chinese 6 Jul 86 p 2

[Commentator's article: "Attach Importance to the Development of Economic Forests"]

[Text] The vegetation coverage rate as well as the economic results of China's forests are low, accounting for a low percentage of the gross output value of the national economy. One of the reasons for this is that for a long time we only attached great importance to timber forests and shelter forests in our guiding ideology but neglected economic forests.

To greatly develop forestry is an effective way to invigorate the economy of forestry. For a long time in the past, some comrades did not attach great importance to economic forests. There are many reasons for this. One is that they only attached great importance to the ecological results and social benefit of forestry but neglected its economic results. In such a country as China, which has sparse vegetation coverage, a shortage of timber, and a deteriorating ecological environment, to afforest timber forests and shelter forests is a must. Generally speaking, however, construction of timber forests and shelter forests involves large investment sums and they take a long time to grow and bring slow profits. Thus, the state cannot allocate a large portion of its revenue to this undertaking. Moreover, the afforestation work is most urgently required in many poverty-stricken and remote mountainous areas where funds are badly needed elsewhere. In general, to develop economic forests -- dry fruit, fruits, herbal medicine, cereals, oils, and so on -- by suiting measures to local conditions can bring quick results, as well as big and long-lasting profits compared to timber forests. It can be said that economic forests are the "short-term" steps in forestry production's "long-term" development. It is just as the common saying goes: "Peach trees can yield profit in 3 years, apricot trees in 4 years, and plum trees in 5 years, but the date tree can yield profit within the same year." Through the development of economic forests, we can get results within a short time and can create conditions for developing timber forests and shelter forests.

To greatly develop economic forests is also a necessity for the state's economic construction and improvement of the people's livelihood. In the wake of improving the people's living standards and the rapid development of food processing industry, there develops a promising market for dry fruit and fruits. Let us take the walnut, chestnut, hazelnut, gingko, and almond as an example. At present, China's per capita ownership of these nuts is less than 0.2 kilograms. Also, China gross output value of the delicious medically useful hawthorn last year could only satisfy one-seventh of the domestic and overseas demands. All these situations show that there are promising prospects for readjusting the production structure of forestry and speeding up the pace of forestry development.

A great variety of species of economic forests makes available diversified development and strong adaptability. In places where timber forests have problems in long-term and normal growth, some economic forest species can grow luxuriantly. In the areas of sand-fixing, water conservation, making wind subside, readjusting moisture, and so on, economic forests are by no means inferior to timber forests and shelter forests. The ecological results of integrating economic forests with timber forests and shelter forests are better than those of single-product afforestation.

In order to greatly develop economic forests, we must have the strategic viewpoint for developing commodity production and suit measures to local conditions. At present, we must greatly expand the vegetation coverage area in accordance with the market demand. We should focus our work on the "famous, special, quality, and rate" products and give priority to their development. At the same time, we must attach great importance to the transformation, protection, and utilization of current resources. We must turn the extensive farm into an intensive one, strive to popularize advanced science and technology, and improve the per unit area yield. In addition, we must attach great importance to processing and comprehensive utilization, so as to find a new way to develop economic forest production which combines forestry, industry, and commerce, as well as production, supply, and marketing into a complete chain of production.

TOWNSHIP ENTERPRISES KEY TO RURAL DEVELOPMENT

HK060541 Beijing NONGMIN RIBAO in Chinese 24 Jun 86 p 1

[Commentator's article: "Township Enterprises Are Extensive Absorbers of Rural Manpower"]

[Text] In our country, which has a population of 1 billion people, 800 million people live in the countryside. There are 350 million able-bodied agricultural workers in our country. Compared with our population, our country has relatively less farmland. At present, each rural resident only has an average of more than 2 mu of arable land. In some localities, the per capita area of farmland is less than 1 mu. With so many people working on such a limited area of farmland, it is certain that we cannot achieve high labor productivity in agriculture. If our agricultural productivity remains at a low level, there will be no bright future for our agriculture.

Facts tell us that in order to raise agricultural productivity, we must shift part of the rural work force from farming to other production fields. Suppose we shift some 100 million rural people from farming to other trades in the next 10 years or more, we will make a major breakthrough in increasing rural productivity.

Where, then, can such a large work force be absorbed?

Can so many rural people all pour in the cities? This is not a practical solution in our country. Let us see how big a figure the 100 million working people (not including their families) represent: This figure is about 20 times the urban population of Beijing, or is equal to the total population of 100 medium-sized cities with a population of 1 million people. Imagine how many houses would need to be built, how much land would be used, and how many public facilities would be needed, if so many people pour into the cities. At present, the cities are faced with a serious shortage of jobs, housing, and public facilities, and this has become a heavy burden on the state. Of course, with the development of construction, the state will continue to recruit workers from the countryside in a planned way, but it is certain that the figure will not be a big one.

This shows that a way out for the surplus rural work force should still be found in the countryside. In fact, we have opened a new road in this regard: Through the development of township enterprises and undertakings of tertiary industry, or service trades, the farming work force can be moved to other trades in the countryside. According to statistics, by the end of 1985, 67.96 million rural working people had been shifted from farming work to township enterprises of all kinds. That is to say, 19 out of every 100 rural working people have moved from farming work which their families had been engaged in for generations, and have become workers of the township enterprises. This figure also tells us that the township enterprises are indeed a huge container to absorb surplus rural work forces. They represent the bright future of the countryside.

With part of the rural work force being shifted to township enterprises, peasants will be able to quit farming work without leaving their home villages and towns so as to prevent large numbers of rural people from pouring into cities and causing heavy pressure on the cities. In addition, peasants themselves invest in and run the township enterprises, so these enterprises will not need state investment. [paragraph continues]

After the township enterprises are fully developed, they will turn to support agriculture and promote agricultural development. Township enterprises are also schools for training talented people. With millions of peasants becoming workers and changing their production status, their mentalities will also change correspondingly step by step and their production skills will become more and more mature. This will help cultivate a large number of talented people in our countryside where education is not highly developed yet. This is of far-reaching significance. To sum up, township enterprises hold an important position in our rural construction, and we should have a new understanding of this point.

Millions of peasants are freed from farm work and become workers without pouring into cities. This is the great creation of the Chinese peasantry in history.

CENTRAL LEADERS ATTEND FORMER OFFICIAL'S FUNERAL

SK040300 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 3 Jul 86

[Excerpts] A ceremony to pay last respects to the remains of Comrade (Li Shangwu), a tried and loyal communist fighter, a retired cadre from the Ministry of Forestry, former second secretary of the Heilongjiang Provincial CPC Committee, former governor of Heilongjiang Province, and former second political commissar of the Heilongjiang Provincial Military District, was held at the assembly hall of Babaoshan Revolutionary Cemetery in Beijing on the morning of 3 July.

After failing to respond to medical treatment, Comrade (Li Shangwu) died of illness in Beijing on 7 May of this year.

Paying special visits to Beijing to pay their last respects to Comrade (Li Shangwu's) remains were leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, the provincial CPPCC Committee and the provincial Discipline Inspection Commission, including Chen Lei, Zhu Wenhua, Huang Feng, Zhao Zhenhua, Jing Bowen, Tang Liandi, and Sun Lianquan; veteran fighters and friends of Comrade (Li Shangwu), including Wang Yilun, Chen Jianfei, Zhang Ruilin, Wang Minggui, (Liu Zizong) and Wang Huachang; and responsible persons of the provincial relevant departments, Harbin City, Jiamusi City, and Muling County. [passage omitted]

Laying wreaths on both sides of Comrade (Li Shangwu's) remains were central leading comrades, including Hu Yaobang, Chen Yun, Peng Zhen, Ulanhu, Wan Li, Xi Zhongxun, Qiao Shi, Yu Qiuli, Deng Liqun, Wang Zhen, Bo Yibo, Lu Dingyi, Huang Huoqing, Cheng Zihua, Wang Heshou, Zhang Aiping, Yang Yichen, Kang Keqing, and Chen Zaidao. [passage omitted]

More than 600 people, including Wang Zhen, Song Renqiong, Han Guang, Zhang Jingfu, (Li Zhengtao), Zhou Peiyuan, responsible comrades of Ministry of Forestry and the Hebei provincial revelant departments, and comrades from Heilongjiang Province, veteran fighters and Comrade (Li Shangwu's) friends, attended the ceremony with profound condolences amid furneral music. They also extended regards to Comrade (Li Shangwu's) family members. [passage omitted]

ANHUI TO CARRY OUT RURAL PARTY RECTIFICATION

OW080033 Hefei Anhui Provincial Service in Mandarin 1000 GMT 4 Jul 86

[Text] To conscientiously study and thoroughly carry out the guidelines of the regional foum of the secretaries of the 11 northern provincial and city CPC committees on the work of party rectification, held by the Central Commission for Guiding Party Rectification; to further strengthen leadership; to improve the guiding principles and policies for carrying out rural party rectification and for consolidating and developing achievements in this work, in order to ensure the successful accomplishment of the task of party rectification — these are the main themes of the provincial discussion meeting on the work of party rectification, convened by the provincial Commission for Guiding Party Rectification between 28 June and 2 July. Attending the meeting were responsible comrades of different prefectural, city, and county CPC committees, including those of Tunxi City, Houshan, and Hexian County CPC committees. Responsible comrades of the various prefectural and city party rectification offices also attended the meeting. Officials of the departments and bureaus under the provincial authorities participated in the discussion. Also present were Li Guixian, secretary of the provincial CPC Committee; Xu Leyi, deputy secretary of the provincial CPC Committee and vice chairman of the provincial Commission for Guiding Party Rectification; Zhao Baoxing, (Niu Xiaomei), members of the Standing Committee of the provincial CPC Committee and of the provincial Commission for Guiding Party Rectification; and Hou Yong, vice chairman of the provincial Advisory Commission and permanent vice chairman of the provincial Commission for Guiding Party Rectification. Comrade Xu Leyi presided.

Comrade Li Guixian delivered an important speech on the guiding ideology of rural party rectification. He said: One major point, which should be noted in studying rural party rectification, is how to make favorable for the development of the rural economy. We should not move a great number of the agricultural population to the cities to develop industry as Britian and America did. As more and more of the agricultural population needs a vocational transfer, it is necessary to develop rural enterprises. The other major prerequisite is how to make party rectification favorable in the development of the commodity economy in rural areas. The change from a self-sufficient small agricultural economy to the development of a rural commodity economy constitutes a drastic conceptual change. It is essential to solve the problems of funds, technology, and markets, while developing the rural commodity economy. We should adopt flexible policies advantageous for the solution of these problems, and should avoid policies restricting our efforts. Briefly, our major consideration should be to work out good plans for rapidly developing the rural economy, for improving peasants' living conditions, and for quickly raising rural productivity.

On the basis of the guidelines of the forum of the secretaries of the 11 northern provincial and city CPC committees on party rectification work, Xu Leyi also gave an important talk on the work situation in Anhui party rectification, the need to conscientiously study and carry out the guidelines of the forum, to further enhance leadership over party rectification, and to consolidate and develop party rectification in rural areas. He said: Anhui has done a good job in second-stage party rectification for the second and third groups. In general, these groups have done a better job than the previous group. This is closely related to the general situation in rectifying party style within the party, and is also a result of attention being truly paid to the work of party rectification by CPC committees at all levels. However, we should not overestimate our success on the one hand, and should not underestimate the problems yet to be solved in the course of party rectification on the other.

We should also not miscalculate the future task in party rectification, for the work of the next phase is very arduous and difficult. Therefore, CPC committees at all levels should further conscientiously study and carry out the guidelines of the northern regional forum on party rectification, held by the Central Commission for Guiding Party Rectification, and strive to truly understand the guiding ideology, principles, and policies for party rectification in order to use them to guide work.

He said: Under the favorable situation for comprehensive reform, we should relentlessly implement the fundamental guiding ideology of "party rectification promoting reform and economic development" as we carry out rural party rectification. We should correctly understand, and implement, the policy of "not only solving problems but also not bungling matters," and concentrate on solving problems. It has been practically proved that to conscientiously carry out party rectification facilitates reform, economic development, and social stability. The key to a better implementation of the guiding ideology and principles for party rectification is to master the policies. Our policies have to be in favor of reform, of invigoration of the economy, as well as of the solution to the serious problems existing in party style.

He said: In order to strengthen leadership over the work of party rectification, we must overcome the slack mood in some places, and overcome the sentiment among some comrades of setting party rectification against reform. In the meantime, prefectural, city, and county CPC committees should pay close attention to reorganizing and strengthening the organizations for party rectification, and to readjusting strength and plans to reinforce departments for the work of party rectification.

Xu Leyi also put forward specific proposals and requirements regarding preparations for rural party rectification, and work to consolidate and develop the results of party rectification.

SHANDONG SECRETARY SPEAKS AT CPC RESEARCH MEETING

SK071227 Jinan Shandong Provincial Service in Mandarin 2200 GMT 6 Jul 86

[Excerpt] Recently, the Research Office of the provincial CPC Committee held a discussion meeting on the province's investigation and study work at (Zhong Gong) in Jinan, which was attended by comrades of the investigation and research departments of the various city, prefectural, and county CPC committees.

Liang Buting, secretary of the provincial CPC Committee, and Li Changan, deputy secretary of the provincial CPC Committee and provincial governor, attended and spoke at the meeting.

In his speech, Comrade Liang Buting pointed out: Investigation and study are the basis of correct policy decisions as well as the first means for making policy decisions scientifically. In implementation of the central policies and the formulation of policy decisions for one's own localities and departments all depend on investigation and study. We should not do without investigation and study while implementing central policies because when policies are issued to the lower levels, they have become a definite goal with specific characteristics. Since the actual situations of various localities are different, the implementation of policies can never be absolutely the same. Through investigations and study we should integrate the central directives with local reality and work out regional policy decisions. Only by so doing can we take the initiative in implementing policies creatively.

After analyzing the objects, contents, and methods of study in traditional and modern research and discovering their differences, Comrade Liang Buting pointed out: When we advocate scientific leadership we mean to treat the policy decisions of leaders as systems engineering. First, we should work out a scientific procedure beginning from investigation and study to drawing up policy decisions. Without investigation and study there is no right to speak or to make policy decisions. Only by following the ideological line of seeking truth from facts and on the basis of fully conducting investigations and study and making appraisals can we ensure the scientific level and reorganization of organs. Furthermore, due to the special characteristics of the investigation and research organs, some special policies may also be implemented. We should adopt methods of one kind or another to treat the investigation and research departments of the CPC committees as key organs for making policy decisions. These departments should strengthen their efforts to work out plans and offer suggestions in the course of investigations and study in order to ensure that investigations and study are conducted before making policy decisions, to improve investigation and study work, and to play a greater role when making policy decisions. The CPC committees should pay attention to applying investigation and research findings and strive their utmost to make their labor yield beneficial results.

While touching on the investigation and research work for the second half of the year, Comrade Liang Buting said: In the major aspect of our work, our next step is to concentrate our efforts on studying the progress of rural reforms, the development of the functions of urban areas, and the building of spiritual civilization. There is much to do in these areas. We hope that the comrades of the investigation and research departments of various localities will grasp well the investigations and study in these three fields.

In his speech, Comrade Li Changan reported on the province's development in the economic, cultural, educational, public health, and sports sectors in the first 5 months of this year, affirmed the excellent situation in Shandong, and pointed out the weak links. [passage omitted]

LIANG BUTING CUTS RIBBON FOR SHANDONG ART EXHIBIT

SK081228 Jinan DAZHONG RIBAO in Chinese 26 Jun 86 p 1

[Excerpt] An art exhibition of works done by Xu Linlu and Hei Bolong sponsored by the provincial cultural department and the provincial branch of the Chinese Artists' Association opened at the provincial art gallery on 25 June. Attending the exhibition opening ceremony were leading comrades from the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial CPPCC Committee, and from the Jinan City organs. Cutting the ribbon of the ceremony were Liang Buting, secretary of the provincial CPC Committee; Su Yiran, chairman of the provincial Advisory Commission; and Tan Qilong, member of the Central Advisory Commission.

The art exhibition consists of almost 100 works done by the two senior and aged painters of mountains, rivers, birds, and flowers. [passage omitted]

CENTRAL-SOUTH REGION

GUANGDONG'S LIN RUO AT MOUNTAIN ECONOMY MEETING

HK030307 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 2 Jul 86

[Excerpts] Guangdong Provincial CPC Committee Secretary Lin Ruc and Vice Governor Huang Qingqu attended the provincial talks on economic and trade exchanges in the province's mountain areas this morning. They stressed that the mountain areas must promote lateral technological ties with the plains and coastal areas. [passage omitted]

Lin Ruo stressed: It is imperative to promote lateral economic ties in order to transform the mountain areas.

GUANGDONG ACHIEVES PROGRESS IN LABOR CONTRACT SYSTEM

HK080201 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 7 Jul 86

[Text] Our province has scored gratifying achievements in reform of the employment system. At present, our whole province has recruited 350,000 contract workers, approximately one-tenth of the total number of contract workers in the whole of our country.

Excerpt for [words indistinct] districts throughout our province, 114 [words indistinct] counties have set up social labor insurance companies, which will provide the contract workers with social labor insurance, including pensions, medical allowances, funeral expenses, pensions for the families of the deceased, and subsidies during periods of awaiting employment, thus eliminating the contract workers' domestic problems.

Since 1980, our province has implemented the contract labor system in Shenzhen and Zhuhai Special Economic Zones. In 1983, our province has completely implemented the system of contract labor system in recruiting new workers and initially reformed the system of the iron rice bowl, in which workers could be employed but not dismissed. The number of contract workers now accounts for 5 percent of the total number of workers in our whole province. The proportion of contract workers in tertiary industry is particularly relatively large and the contract system in tertiary industry has been generally implemented, so that enterprises can employ the labor force flexibly according to practical needs and their vitality can be strengthened. In selecting employment, young people in society who await employment [words indistinct] have more choices.

GUANGXI LEADERS SOLVE PROBLEMS IN BEIHAI CITY

HK050457 Nanning Guangxi Regional Service in Mandarin 1000 GMT 4 Jul 86

[Excerpts] Leading comrades of the regional CPC Committee and government have improved their work style by going to Beihai City to hold an on-the-spot executive meeting and help the lower levels solve problems. The grass-roots cadres have praised this method.

On 29 June, regional CPC Committee Secretary Chen Huiguang and government Vice Chairman Wang Rongzhen took leading comrades of more than 20 departments concerned to Beihai. [passage omitted] After attending the opening of the No 1 berth at the 10,000-ton wharf at Beihai port, they convened an on-the-spot executive meeting in the city on 2 and 3 July. The leading comrades listened to work reports, from leading comrades of Qinzhou Prefecture, Beihai City, and Fangcheng port, and carried out on-the-spot studies to resolve the problems raised by these three units. In this way they reduced the number of document journeys and improved executive efficiency.

Qinzhou Prefecture, acting in light of Comrade Hu Yaobang's instructions delivered during his inspection, proposed 13 key projects for launching in the near future, including subtropical fruit and seafood breeding, together with 7 industrial technological transformation projects. The executive meeting took only one morning to basically firm up these projects. [passage omitted]

Fangcheng port raised a series of problems that urgently need resolving in some engineering works currently being carried out to open the Nanning-Fangcheng railroad to traffic and to put all seven deepwater berths in the port in operation. These problems too were resolved in principle during the meeting.

The reason why this meeting was able to rapidly solve many problems was that the regional CPC Committee and government had previously carried out full investigation and study. [passage omitted]

GUANGXI MEETING DISCUSSES ECONOMIC WORK TASKS

HK290111 Nanning Guangxi Regional Service in Mandarin 1000 GMT 28 Jun 86

[Excerpts] A regional meeting of prefectural commissioners, mayors, and county governors concluded in Nanning on 27 June. The meeting focused on making arrangements for summer grain procurement work. It also made initial arrangements for the region's economic work in the second half of the year.

The meeting was attended on 27 June by Chen Huiguang, secretary of the regional CPC Committee; Wei Chunshu, Jin Baosheng, and Tao Aiying, deputy secretaries; Wang Rongzhen and Zheng Yi, vice chairmen of the regional government; and Wang Zhuguang, vice chairman of the regional Advisory Commission. Wei Chunshu delivered a summation report. He stressed the following points regarding the summer grain procurement question:

1. Have strong confidence, strengthen leadership, and ensure the fulfillment and overfulfillment of the grain procurement quota. This year procurement of summer grain by contract is planned to be 1.75 billion jin, 80 percent of the total procurement figure, which is about 2.1 billion jin. There are good conditions for fulfilling this quota. [passage omitted]

2. We must seriously implement the State Council's circular on doing a good job in summer grain and oil procurement, and step up propaganda and education for the peasants. [passage omitted]

3. We must seriously implement the grain procurement policies and measures. [passage omitted]

On the region's economic work in the second half of the year, Comrade Wei Chunshu pointed out that Guangxi should succeed in not wavering in persevering in reform. [passage omitted] There should also be no wavering over fulfilling the year's economic plans. Under the premise of improving economic results, the region should achieve double-digit increases in industrial production and financial revenue. All prefectures, cities, counties, departments, and enterprises should further emancipate their minds, relax the policies, and take measures, take advantage of their strong points, and ensure the fulfillment of the plans, based on these ideas. We should speed up the region's economic development. Wei Chunshu then spoke on the following items of work to be grasped in the second half of the year:

1. Promote agricultural production, including the expansion of late-season grain crops and the fulfillment of the year's sowing plans. [passage omitted]

2. Do everything possible to boost industrial production. The region's output was not good enough in the first 5 months of the year. Output value amounted to only 38 percent of the year's quota and showed a rise of 4.75 percent over the same period last year. There is a considerable shortfall compared with the demand for a 10 percent increase over last year. To ensure that this demand is met, we must take effective steps in the second half of the year to reverse the passive situation in production. [passage omitted]

3. Do a good job in financial and circulation work to provide further support and boost for economic construction. [passage omitted]

Wei Chunshu also spoke on the necessity of solving the current problem of road traffic jams and on further strengthening rural grass roots building. In conclusion, he called on the conference participants to further step up ideologial and political work. [passage omitted]

HENAN REPORT MEETING MARKS PARTY ANNIVERSARY

HK030619 Zhengzhou Henan Provincial Service in Mandarin 1300 GMT 30 Jun 86

[Text] This morning, the Propaganda Department of the provincial CPC Committee and the provincial level organs CPC Committee held a joint report meeting of provincial level organs to mark the 65th anniversary of the party's founding.

Lin Yinghai, provincial CPC Committee Standing Committee member and provincial Discipline Inspection Commission secretary, made a report: Carry forward the party's excellent traditions and work style and strive to do well straightening out party style. Comrade Lin Yinghai pointed out: In the work of further doing well in straightening out party style, it is necessary to implement the principle which was put forward by Comrade Hu Yaobang of seriously grasping this work for 2 years. It is essential to continuously and firmly grasp the investigation of and dealing with, big and serious cases. It is imperative to straighten out the party style of all trades and systems in a planned and systematic way. In the course of straightening out party style, leading cadres must set an example.

Comrade Lin Yinghai said: In the course of straightening out party style, we must correctly understand the relationship between the party's line, principles, and policies and party style; correctly understand and handle the relationship between correcting unhealthy trends and reform; seriously implement the guiding ideology of correctly handling the contradictions within the party which was put forward by Comrade Hu Yaobang; and correctly handle the two different kinds of contradictions within the party.

BEIJING HOLDS INDUSTRIAL WORK CONFERENCE

SK080045 Beijing BEIJING RIBAO in Chinese 29 Jun 86 p 1

[Text] The municipal CPC Committee and the municipal government held an industrial work conference on 27 June. Chen Xitong, mayor of the municipality, gave a speech at the conference. He said: The criterion for judging whether or not a cadre is excellent is if he boldly seeks to eliminate egalitarianism, widen the differences in income, and carry out the responsibility system. Some cadres, though gaining a lot of votes, are incompetent in promoting production, upgrading product quality, or improving economic results. Sitting idle instead of making contributions, they let all of their fortune be depleted. Thus, we should bravely promote and support those who boldly seek to carry out reform instead of promoting those who try never to offend others.

He also said: Cadres should go deep into the grass roots to solve problems for each and every plant in a step-by-step manner in order to provide the grass roots with concrete deeds instead of formulating dozens of guiding principles for them.

Since the beginning of this year, the municipality has attained certain achievements in industrial production thanks to the fact that a vast number of staff members and workers implemented various measures for reform. However, a few staff members and workers' enthusiasm for production has been dampened by the fact that some enterprises fundamentally failed to eliminate the practice of "everyone eating from the same big pot" and that some enterprises have not yet carried out the economic responsiblity system. Due to the fact leaders of some departments fail to adapt themselves to the situation of commodity economic development or to conscientiously conducting investigations and surveys on market demands and changes in external environments, a number of traditional key products have been unmarketable and overstocked. With such unfavorable factors as having strains on floating funds and energy resources, and lacking many raw materials, the industrial production situation during the first 5 months of this year was not good enough.

To raise the municipality's industrial production, the municipal economic committee called on industrial enterprises throughout the municipality to persistent in eliminating egalitarianism and the practice of "everyone eating from the same big pot" and in perfecting the economic responsibility system. Leading cadres at all levels should go deep into the grass roots to help enterprises solve problems in a down-to-earth manner. The municipality plans to establish a system of regularly holding work conferences of industrial enterprises to study and solve problems of industrial production in a timely manner. Each leader of the industrial department should establish contacts with several key plants to help solve problems. More than a half of the office cadres should go deep into the enterprises to conduct investigations and studies to help them solve problems. The size of bonuses granted to the enterprises should be decided in line with their economic results. We should enthusiastically develop lateral economic cooperation, establish a group of raw materials production bases in a planned and step-by-step manner, carry out the factory head responsibility system, and strive to upgrade product quality and grasp the sale and export of products.

Also delivering speeches at the conference were leading comrades of the municipal CPC Committee and the municipal government, including Li Ximing, Hang Boping, Chen Yuan, and Zhang Jianmin.

HEBEI SECRETARY ON STUDYING HU YAOBANG'S SPEECH

SK0805 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 26 Jun 86

[Text] The provincial CPC Committee held a conference of the responsible cadres of provincial-level organs on the afternoon of 26 June. Comrade Xing Chongzhi introduced the experiences of Standing Committee members of the provincial CPC Committee and vice governors in studying Comrade Hu Yaobang's important speech on mastering two great skills.

Attending the conference were leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, and the provincial CPPCC Committee; responsible comrades of the provincial-level departments, commissions, general offices and bureaus; and principal leading comrades of the Shijiazhuang Prefectural and City CPC Committees.

In his speech made in Yixian County during his inspection tour of the Taihangshan area on 20 April of this year, Comrade Hu Yaobang set forth an important principle that the implementation of the Seventh 5-Year Plan principally depends on the abilities of leading bodies at all levels. Leading bodies at all levels should master the two great skills in order to implement the Seventh 5-Year Plan. The two great skills are as follows: First, they must creatively implement the policies of the central authorities and the directives of the higher levels. Second, they must correctly deal with the contradictions within the party.

Over the past 2 months or so, the leading bodies at or above the county level and the broad masses of cadres throughout the province have conscientiously studied Comrade Hu Yaobang's important speech. They summed up their work in the course of study. Through study, the leading bodies at all levels and the ranks of cadres have upgraded their political understanding to a new level. This has facilitated new progress in all undertakings of the province.

In his speech, Comrade Xing Chongzhi emphatically introduced the experience in three fields.

First, on judging the abilities of new leading bodies at all levels in implementing the Seventh 5-Year Plan.

Second, on mastering the skill of creatively implementing the policies of the central authorities and the directives made by higher levels.

Third, on mastering the skill of correctly dealing with the contradictions within the party.

Comrade Xing Chongzhi said: The provincial CPC Committee has called on the cadres at all levels throughout the province to make efforts to master the two great skills in the course of creatively implementing the Seventh 5-Year Plan in order to better achieve the work during the Seventh 5-Year Plan period and to attain the best achievements to meet the expectations placed on them by the people of the province and the CPC Central Committee.

He urged the vast number of party-member cadres at the provincial level, in particular, leading bodies of all departments, to conscientiously study the speech in line with the actual conditions and to sum up experiences in the course of study.

Comrade Liu Ronghui presided over the conference. He specifically required the cadres of provincial-level organs to further study Comrade Hu Yaobang's speech.

NEI MONGGOL SECRETARY ATTENDS MANAGEMENT FORUM

SK020628 Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 1 Jul 86

[Excerpts] The regional forum on the work to modernize enterprise management concluded in Tongliao City on 29 June. The forum pointed out that while vigorously enhancing technical progress, efforts should be made to push forward the work to modernize enterprise management in order to increase economic results among the industrial interprises throughout the region.

During the forum, Zhang Shuguang, secretary of the regional CPC Committee, paid a visit to the participating comrades at the forum. At the forum, Qian Fenyong, deputy secretary of the regional CPC Committee, delivered a speech.

Our region has closely integrated the work of modernizing management among the state industrial enterprises with that of encouraging enterprises to conduct inner reforms and has carried out the work in both fields simultaneously. In 1984, the region first conducted the pilot work of enforcing the system of having plant chiefs be in charge among the 580 plants, mines, and enterprises. Then, the region enforced such a system among the 60 percent of the total industrial enterprises covered by the budget. The practice has shown that all enterprises that have enforced the system of having plant chiefs be in charge have incurred an obvious change, shown a marked increase in thier economic returns, and have greatly upgraded their managerial standard. [passage omitted]

In his speech, Qian Fenyong emphatically urged the comrades in charge of economic work at all levels to support the reforms conducted by plant chiefs. As for some faults caused by the lack of experience in conducting reforms, efforts should be made to actively help the plant chiefs sum up their experience and lessons. By no means should we demand perfection from the plant chiefs. Mistakes may crop up due to work styles and methods. We should actively support those who have boldly engaged in conducting exploration.

HEILONGJIANG SECRETARY ATTENDS CPPCC WORK CONFERENCE

SK080125 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 6 Jul 86

[Text] Zhou Wenhua, deputy secretary of the provincial CPC Committee, stressed at today's provincial CPPCC work conference that the CPPCC committees at all levels should bring into full play their functions for conducting political consultation and democratic supervision and their advantages of having different types of talented persons and having extensive connections with the people at home and abroad; focus their work on helping CPC committees and governments at all levels carry out reform and the two civilizations and strengthen the reunification of the motherland; and make efforts to create a new situation in the CPPCC work.

Zhou Wenhua said in his speech that the CPPCC committees have played a key role in building socialism with Chinese characteristics. He called on CPPCC organizations at all levels throughout the province to further bestir themselves to blaze new trails, to deal with concete matters relating to their work, to bring into full pay their functions for conducting political consultation and democratic supervision and their advantages of having different types of talented persons, and to mobilize CPPCC members of various nationalities to make suggestions and efforts for reform and construction.

Comrade Zhou Wenhua set forth five requirements for party committees at all levels with regard to conscientiously strengthening leadership over CPPCC work.

First, CPC committees at all levels should grasp supervision over and education on theoretical work and policies for the united front and CPPCC organizations. Party schools and cadres' schools should focus their study of political theories on the policies and theories related to the united front work and on the knowledge related to the people's political consultation.

Second, CPC committees should place the CPPCC work on the main agenda and each CPC Committee should transfer a deputy secretary to take charge of the CPPCC work.

Third, party-member responsible comrades in CPPCC committees at each level are allowed to attend the Standing Committee meetings of the CPC committees of the same level as observers so that the CPPCC organizations will be able to timely understand the overall situation and to make efforts to support the work of the party.

Fourth, we should select and transfer to the CPPCC organizations the comrades who understand policies, have a high educational level and a wide range of knowledge, are in the prime of life, and ardently love the CPPCC work in order to ensure the realization of the orderly system of succession for leading bodies of CPPCC organizations in a step-by-step manner.

Fifty, the CPC committees should support CPPCC organizations to carry out activities and try every possible means to solve the problems existing in the work.

Yang Jingren, vice chairman of the National CPPCC Committee, attended the conference and also expressed to all participants the regards from Deng Yingchao, chairman of the National CPPCC Committee.

Also attending the conference were Sun Weiben, secretary of the provincial CPC Committee; Wang Zhao, chairman of the provincial CPPCC Committee; and Li He, Yang Zirong, Wang Weizhi, Li Min, and Fu Shiying, vice chairmen of the provincial CPPCC Committee.

HEILONGJIANG PARTY MEMBERS YOUNGER, BETTER EDUCATED

SK071059 Harbin HEILONGJIANG RIBAO in Chinese 25 Jun 86 p 1

[Text] In recent years, party organizations at all levels throughout the province have conscientiously adhered to the principle of the party taking charge of party affairs, and have greatly strengthened grass-roots party building organizationally. In this way party members have gradually become more competent, an encouraging change has taken place in the advanced age, low educational level, and irrational distribution of party members, and the masses of party members have played a vanguard and exemplary role in building the two civilizations. According to statistics compiled early this year, among all the party members throughout the province, those having a senior middle school education or above amounted to 28.9 percent as against 24.4 percent in 1984, and those aged 25 or below amounted to 2.9 percent as against 2.4 percent in 1984.

Over the past year party organizations at all levels throughout the province have acted strictly in accordance with the stipulations of the party Constitution, and have upheld standards and ensured quality when recruiting party members. They admitted people to the party as soon as conditions were ripe and made sure that every member they recruited was qualified. Among the new party members recruited last year, young and middle-aged intellectuals increased by a large number, thus basically resolving the "difficulty in joining the party" faced by outstanding intellectuals of our province. Last year, some 26,800 technical personnel of various specialities were admitted to the party, showing an increase of 72.8 percent over 1984, and an increase of some 2,100 over the total technical personnel recruited from 1980 to 1983. In addition, the number of educated advanced youths increased. New party members aged 35 or below amounted to more than 57 percent of the total, showing an increase of 56.5 percent over those of the same age-grade recruited in 1984. Among them, those aged 25 or below totaled some 12,000, equivalent to the total new party members of the same age-grade recruited from 1982 to 1984. Among these young new party members, 4,925 were postgraduates and students of colleges, secondary vocational schools, and senior middle schools, an increase of 803 over the total number of new party members of the same status recruited from 1980 to 1984. Also, the number of new party members engaged in actual production at industrial and financial departments increased notably. Some 11,800 workers engaged in actual production, salesclerks and service workers were admitted to the party, showing an increase of 21.6 percent over 1984. The number of women recruited into the party also increased substantially. Some 18,200 women were recruited in the 3 years before 1984. Since last year, all localities have conducted extensive examinations on the quality of new party members, and found that the overwhelming majority of them were good. Among the party members recruited last year, nearly 30,000 were named as advanced or model persons at various levels.

In addition to paying attention to recruiting educated and outstanding persons, party organizations at all levels have also paid attention to the education and management of party members, thus enhancing political and ideological consciousness, improving the education and professional competence of party members, and giving play to their vanguard and exemplary role in rectifying the party style and building the two civilizations.

GANSU LEADERS RECEIVE WRITER HAN SUYIN

HK090408 Lanzhou Gansu Provincial Sevice in Mandarin 2200 GMT 8 Jul 86

[Excerpt] On 8 July, Li Ziqi, secretary of the provincial CPC Committee, Jia Zhijie, governor, and Ge Shiying, chairman of the Gansu branch of the Association for International Friendly Contacts, met the well-known British writer Han Suyin at the (Niuwozhuang) Guesthouse in Lanzhou. They chatted cordially with her and were photographed together as a momento. [passage omitted]

SHAANXI'S BAI JINIAN ON RURAL PARTY ORGANIZATIONS

HK060237 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 5 Jul 86

[Excerpts] The provincial CPC Committee's conference on building grass-roots party organizations in the rural areas concluded on 5 July. Secretary Bai Jinian demanded that these organizations act as organizers and leaders in promoting reform and developing rural commodity economy. To do this, they must first have profound love for the masses. To lack such love, to become divorced from the masses, and to even make use of one's powers to harm the masses is currently the most fearful phenomenon of rottenness. It is the general root of various unhealthy trends and of all kinds of rottenness. We must pay much attention to this.

He expressed the hope that the party members and cadres will go among the masses and get to the places of greatest hardship to strengthen their affection for the masses. Only thus can they be good organizers and leaders.

Bai Jinian also hoped that the cadres of the rural grass-roots party organizations will seriously study and implement the party's line, principles, and policies, and study and acquire knowledge of science and technology. They will thus acquire the ability to lead the rural reforms well and to develop commodity economy. [passage omitted]

Bai Jinian stressed that it is essential to get a good grasp of grass-roots party rectification and to build the grass-roots organizations well through rectification. It is also necessary to continue to do a good job in readjusting the leadership groups of the grass-roots rural party branches, improve and strengthen the party's organizational life, step up the training of cadres, and enhance their quality. [passage omitted]

The meeting summed up and exchanged experiences and explored the question of strengthening the grass-roots rural party organizations. The provincial CPC Committee named and commended 21 advanced party branches and 29 outstanding party members.

XINJIANG MEETING ON GRASS-ROOTS PARTY RECTIFICATION

HK060233 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 5 Jul 86

[Excerpts] The regional conference on grass-roots party rectification, which concluded this afternoon, demanded that the party committees and party rectification work departments at all levels strengthen leadership over rural party rectification work and do a good job in party rectification in the region from beginning to end.

The 6-day meeting conveyed and implemented the spirit of the forum convened in Lanzhou by the Central Commission for Guiding Party Rectification on rectification in minority-nationality and remote areas, made arrangements for village-level party rectification, and exchanged information and experiences.

Regional CPC Committee Secretary Song Hanliang spoke on strengthening party building. [passage omitted]

Song Hanliang said: Even today, the party organizations in many places and units have not correctly handled the relationship between party work and economic work. A few party organizations are even in a paralyzed or semi-paralyzed state. Positive and negative experiences and lessons fully show that it is essential to strengthen party building in order to promote reforms and the economy in the region and bring about a fundamental turn for the better in party style and social mood. The party organizations at all levels must have full understanding on this point. [passage omitted]

Song Hanliang said: We now have only half a year to complete the task of party rectification. While getting a good grasp of consolidating and developing the fruits of party rectification in units at and above county-level, we must act in line with the central authorities' guiding ideas on rural party rectification work and do a good job in rural party rectification.

Amudong Niyazi, deputy secretary of the regional CPC Committee and head of the regional party rectification guidance group, presided at the meeting and made an important speech.

19 'CHINESE DEFECTORS' ARRIVE FROM SEOUL

HK081242 Hong Kong AFP in English 1239 GMT 8 Jul 86

[Text] Taipei, July 8 (AFP) -- Nineteen Chinese defectors picked up by South Korean maritime police last month arrived in Taipei Tuesday from Seoul, informed sources said. The sources said the defectors flew into Taipei's international airport aboard a China Airlines of Taiwan plane.

The defectors, who were accompanied by several Taiwan officials during the Seoul-Taipei flight, were taken away by security authorities upon landing.

Informed sources said the government-run Free China Relief Association would be taking care of the defectors. The association has assited Chinese who fled the mainland, helped evacuate ethnic Chinese from Indo-China and provided shelter to the so-called "boat people" -- refugees rescued from sea.

(In Seoul, the South Korean Foreign Ministry said the defectors were flown to Taipei "in accordance with international laws and practices and in respect of their wishes." South Korean authorities had imposed a news blackout on information about the defectors immediately after their arrival in the port of Inchon in late June. Reliable sources said that Seoul apparently wanted to handle the matter as quietly as possible so as not to irritate Beijing and harm South Korean hopes of improving relations.)

The defectors, all men in their 20's except for a 31-year-old cook, include farmers, merchants, welders, civil servants and truck drivers. They were picked up by South Korean maritime police June 17 while drifting in the Yellow Sea. They reportedly left their homes in the Guangxi Autonomous Region of southern China on June 8, travelling on foot and by train to the Shandong peninsula, which they reached eight days later. They then bought a small wooden boat for 6,000 yuan (1,870 U.S. dollars) and sailed eastwards from Weihaiwei, a naval base on the peninsula, according to press reports in Taiwan.

'Defectors' Hold News Conference

HK081526 Hong Kong AFP in English 1521 GMT 8 Jul 86

[Names as received]

[Text] Taipei, July 8 (AFP) -- A leader of a group of 19 mainland Chinese flown from South Korea to Taiwan Tuesday said that the defectors hardly knew each other before they left China in a small wooden boat last month.

Ho Yung-an, 31, said the defection was planned and organized by four people, including himself, who were introduced by mutual friends.

"The other members were recruited by them and we hardly knew each other," Mr Ho said at a press conference sponsored by the government-run Free China Relief Association (FCRA) shortly after their arrival in Taipei.

The defectors, who were picked up by South Korean maritime police on June 17 while adrift in the Yellow Sea, were flown from Seoul to Taipei by Taiwan's China Airlines.

The 19 defectors, who include farmers, merchants, welders, civil servants and technicians, did not receive a hero's welcome from the authorities in Taiwan as have previous defectors.

Informed sources said the men might be sent Wednesday to a refugee camp in the Pescadores, an offshore island, while the FCRA made arrangements for their future. FCRA officials declined to comment on the organization's plans for the defectors.

(In Seoul, the South Korean Foreign Ministry said the defectors were flown to Taipei "in accordance with international laws and practices and in respect of their wishes.")

The Taiwan Foreign Ministry expressed gratitude to the Seoul government for "helping (the defectors) fulfill their wish of coming to Taiwan."

Wei Cheng-hsiung, 25, one of the four group leaders, said "long-time dissatisifaction with the government of Deng Xiaoping and frustration at being unable to apply our real talents in work" had prompted them to defect. Ho said that he skippered the overloaded seven-meter (23-foot) wooden motorboat from Weihaiwei, a naval base on the Shandong Peninsula in northern China, across the Yellow Sea in what he called "a bid to seek freedom." The defectors drifted at sea for 30 hours before being picked up by South Korean maritime police, he said.

Mr Ho, a former truck driver and cook, is the eldest of the defectors who teamed up to make an 11-day trip to Weihaiwei from their native homes in Guangdong and Guanxi Provinces in southern China. He said the group split into two for the voyage to Weihaiwei, travelling by train, bus and ferry.

All the other defectors are in their 20's. Mr Ho is also the only one who is married. He has two sons.

The FCRA has assisted Chinese who fled the mainland, helped evacuate ethnic Chinese from Indo-China and provided shelter to the so-called "boat people" -- refugees rescued from sea.

Government Thanks ROK

OW082052 Taipei CNA in English 1455 GMT 8 Jul 86

[Text] Taipei, July 8 (CNA) -- The Ministry of Foreign Affairs issued a statement Tuesday expressing thanks to the Korean Government for sending the 19 mainland Chinese who fled to South Korea aboard a motorized junk on June 16 to the Republic of China on Taiwan.

The 19 mainlanders arrived in Taipei Tuesday afternoon.

MOFA spokesman Cheyne J.Y. Chiu said the ROC Government wishes to extend its gratitude to the Korean Government for taking good care of the 19 mainland Chinese after they arrived in South Korea and for helping them fulfill their wish of coming to the Republic of China based on humanitarian principles and the friendship between the two nations.

Welcomed By FCRA President

OW090259 Taipei CNA in English 0230 GMT 9 Jul 86

[Text] Taipei, July 8 (CNA) -- Ku Cheng-Kang, president of the Free China Relief Association [FCRA] Tuesday evening received the 19 mainland Chinese who fled to freedom in South Korea June 16, and praised them for their courage in escaping communist rule.

Ku said the 19 freedom seekers' brillant feat is another heavy blow to Communist China, because their actions have proved the Peiping regime's claims false that the people on the Chinese mainland are able to enjoy more freedom and better living after the so-called reform and open door policies.

The 19 mainlanders arrived here Tuesdasy, 22 days after thier stay in South Korea for investigation.

Ku said this incident also signals that the peace-and freedom-loving Chinese people will never succumb to the blood-stained Chinese Communists, who have slaughtered tens of millions of people on the mainland since they took power by force. Ku told these freedom-seekers only after the three principles of the people are enforced on the mainland, can the Chinese have happiness and hope.

Ku urged the freedom seekers to work hard to acquire knowledge and learn the techniques they will need to start new lives, adding that the government would help them settle down here by giving every support they need.

PRC OFFICIALS STILL HOLD RULE OF LAW IN CONTEMPT

OW071950 Taipei CNA in English 1427 GMT 7 Jul 86

[Text] Taipei, July 7 (CNA) -- The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled "Peking's Rule of Law'"

Peking's official HSINHUA NEWS AGENCY reported last Thursday that senior party leaders were given a two-hour lecture on the rule of law by a university professor.

The lecture by Sun Kuo-hua, associated professor of law at the Chinese People's University in Peking, was sponsored by the Communist Party Central Committee Secretariate with a view to acquainting party leaders with the concept of the rule of law. The news agency did not mention who were present at the lecture except that Politburo member Hu Chi-li conveyed a message from Teng Hsiao-ping to the listeners on the occasion. This suggests that Teng himself was not among the audience.

HSINHUA quoted Hu as saying that Chinese laws before the 1949 communist takeover served the interested of the ruling class and therefore the communists did not consider these laws binding to them.

Hu's remarks explains the origin of the term "communist bandits" which people in the Republic of China on Taiwan sometimes use in reference to the Peking regime and its leaders.

Bandits do not respect the law of the land. Hu's explanation to justify the lawlessness of the Chinese Communists before 1949 does not make the communists more respectable because they are still a lawless group 37 years after they seized power.

The very fact that top leaders of the Peking regime has to be taught the basic concept of law decades after its establishment is best proof that Red China is still a lawless land where the words of the rulers are the law.

It is true that Peking has a Constitution for the state and another for the party in addition to its own legal system. But none of these has been observed by the rulers. Otherwise, there would not be any need of last week's lecture for party leaders.

Although Teng has seen the necessity of establishing the rule of law for the realization of his modernization dream, he obviously has not realized that he needs a lecture on legal concept more than others. Otherwise, he should have turned up for the lecture himself.

Even Mao Tse-tung knew the importance of playing by the rule sometimes, as indicated in his refusal to yield the party chairmanship throughout his life. From that post he could legitimately exercise absolute control in a totalitarian state.

Teng has discarded this rule. Officially, he is neither the head of the party nor the head of the state. He is only the chairman of the party's Central Advisory Committee. [as received]

Yet Teng has been exercising powers as the supreme ruler who is responsible to nobody but himself. He once even openly insulted former Vice Premier Huang Hua by callling his remarks about Hong Kong "hogwash."; it shows the extent to which Teng disregards rules and the rule of law.

But Teng is not unique among the top communist leaders in this regard. His contempt for the rule of law is typical of the men who have remained "bandits" in the eyes of the Chinese people.

PRESIDENT CHIANG RECEIVES MALAYSIAN, U.S. GUESTS

OW082030 Taipei CNA in English 1443 GMT 8 Jul 86

[Text] Taipei, July 8 (CNA) -- President Chiang Ching-kuo of the Republic of China received two groups of visitors from Malaysia and the United States separately Tuesday afternoon at the presidential office.

The Malaysian dignitaries were former Prime Minister Tunku Abdul Rahaman, former Cabinet member Omar Yu-lin Ong and Ahmad Nordin, secretary general of the regional Islamic Dawah Council of Southeast Asia and the Pacific.

The American guests included Senator and Mrs. Malcolm Wallop, R-Wyoming, Congressman Bob Livingston, R-Louisiana and Dr. Edwin Feulner Jr., president of the Heritage Foundation.

President Chiang exchanged opinions with them on issues of common interest in addition to expressing his profound welcome for their visit here.

Secretary General to the President Shen Chang-Huan and Vice Foreign Minister Ding Mou-hsih were also present.

PRESIDENT CHIANG APPOINTS TWO MILITARY LEADERS

OW030257 Taipei CNA in English 0236 GMT 3 Jul 86

[Text] Taipei, July 2 (CNA) -- President Chiang Ching-kuo appointed General Kuo Ju-lin vice chief of the general staff and Gen. Chen Shen-ling commander-in-chief of the Chinese Air Force Wednesday.

Gen. Kuo, currently commander-in-chief of the Air Force, is to succeed Adm. Tsou Chien, who has been appointed the Republic of China ambassador to South Korea while Gen. Chen, presently vice chief of the general staff, will fill the vacancy left by Gen. Kuo.

LU PING VIEWS HONG KONG BASIC LAW, ELECTIONS

HK030530 Hong Kong HSIN WAN PAO in Chinese 2 Jul 86 p 2

[Report: "Lu Ping Answers Hong Kong Reporters' Questions on Basic Law, Other Topics"]

[Text] Lu Ping Says That China Has Not Officially Made Known Its Position on Direct Elections and That There Can Be Many Ways To Coordinate With the Reform of the Political Structure

Lu Ping, secretary general of the Hong Kong and Macao Affairs Office of the State Council, met Hong Kong reporters this morning. The main contents of their conversation follows:

Reporter: Some people say that since the Chinese side has not indicated in what year there will be direct elections in Hong Kong, Hong Kong plans to elect some members to the Legislative Council through direct elections in 1988 and then see the results. What do you think of this argument?

Lu: We have not officially made our position known on either direct or indirect elections.

Reporter: Do you think there is a possibility that some members will be elected through direct elections in 1988?

Lu: I cannot officially make known our position today because we have to know more about this issue. We do not have a well-considered view and we are still listening to views from various quarters. You just said that the Chinese side has given such an indication. I am afraid it is not an official one.

Reporter: Will there be direct elections after 1997? Will this affect the reform of the Hong Kong political structure?

Lu: This depends on whether there will be direct elections in the legislative body of the Special Administrative Region after 1997. If the basic law stipulates that some members of the legislative body will be elected through direct elections, of course this is not a big problem. If the basic law does not make such a stipulation, of course there will not be a guarantee for it. That is why we say there is a question of linking up. We hope that the representative government will be linked up with the basic law. We do not hope that the representative government goes this way and the basic law goes that way.

Reporter: How do you think the basic law can be coordinated with the reform of the Hong Kong political structure?

Lu: This can be carried out by various means. The Sino-British Joint Liaison Group has made it clear that the question should be discussed in the liaison group. It can also be conducted by various other means. We can exchange views on, and discuss it, by official, non-official, or semi-official means. I am sure this question can be settled easily. It is not difficult to settle the question of linking up.

Reporter: Some members hold that democracy does not stand for direct elections and others hold that without direct elections there will be no democracy. What is your personal view on this?

Lu: My personal view is that democracy has wide implications. It is not simply a question of election. Even if there are direct elections, will there truly be democracy? Does it necessarily mean democracy itself? I think direct elections cannot be equated with democracy. For example, some countries, like the Philippines, practice direct elections, giving one man one vote. Can you say that the Philippines was genuinely democratic during the rule of Marcos? It is hard to say so. That is my personal view.

As for the Question of Land Leases, What Formalities Should Be Followed

Reporter: Apart from the political structure and travel documents, what other problems concerning the question of linking up remain to be solved?

Lu: There are many problems to be solved. For example, by the year 1997, what will be done with current land leases? Will they continue to be held good or will they be replaced? If they continue to be held good, what formalities should be followed? All these questions come under the category of linking up, a question of transition as we saw it. As far as the law is concerned, the Joint Declaration states that the laws previously in force in Hong Kong will continue to be held good, save for any that contravene the Basic Law. How will they continue to be held good? This is also a question of linking up, of transition. Should they go through formalities or other ways? Moreover, who will decide which laws contravene and which ones do not contravene the Basic Law? Hence, there is a question of linking up, which we should begin considering before 1 July 1997. This is because there should not be any vacuum in terms of the law and land leases. There are many problems in this regard which should be solved before 1997.

Reporter: It is said that the Land Fund is in violation of the Joint Declaration. It should be deposited in banks and not be used as an investment means, as stated by the Joint Declaration.

Lu: In my opinion, this problem can be discussed by the Sino-British Land Commission to find ways of using the fund in accordance with the Joint Declaration, which states that the fund shall be deposited in banks in the locality and shall not be drawn on except for the financing of land development. This stipulation is quite clear. If the fund is used for purposes other than financing land development, this will be in breach of the Joint Declaration. But if the fund, which amounts to nearly HK$1.2 billion at present and will, perhaps, reach HK$10 billion and more by 1997, is deposited in banks purely for interest, there will be the question of preserving the value of the dollar. Therefore, we should find ways of handling the fund, which will go to the government of the Special Administrative Region sooner or later, and from which Beijing will not take one cent. Since, at present, the government of the Special Administrative Region has not yet been set up, we, the Chinese side of the Land Commission, take care of the fund on behalf of the future government. Now that we are entrusted so to do, we should take good care of it. Failure to take good care of it will mean not showing responsibility to Hong Kong. To hold ourselves responsible to the Hong Kong people and to the future government of the Special Administrative Region, we should take good care of the fund, no matter what happens.

Reporter: You said that the Land Commission must discuss how to manage the money. Why does this concern the British side, because the money is entrusted to the care of the Chinese side.

Lu: No. What I mean is how we can avoid acting contrary to the Joint Declaration. It is a matter of interpretation based on the Joint Declaration and of how the relevant provisions are to be interpreted in line with the Joint Declaration.

Reporter: Is investment an act contrary to the Joint Declaration?

Lu: In my opinion, the Joint Declaration ways nothing about whether investment is allowed. It only says that the money can be invested in no area other than land development. The money is still there and lies untouched. It is only a matter of how to make it grow in value.

The Risk of Investment Should Be Reduced to a Minimum and a Loss Should Be Avoided by Any Means

Reporter: Who is responsible for any loss resulting from the business of investment?

Lu: A loss should be avoided by any means. Any investment made should be an investment with the minimum risk. Even with money put in the bank, there is also risk. Any bank can go bankrupt. In addition, depositing several billion Hong Kong dollars as such in the bank, is both unfavorable to Hong Kong and not feasible. Some of the money must definitely be converted into foreign currencies, probably partly U.S. dollars and partly marks and the like. But risk is also involved here. If the U.S. dollar and the mark should drop, what could we do? If we make an investment, the risk must be the smallest and reduced to a minimum. Safety of principal must be achieved by means. The value of money must be protected from erosion through inflation.

Reporter: The risk is at a minimum with the money put in the bank. There is also risk if we manage the money in other ways.

Lu: We may treat the money in other ways. For example, we may buy British and U.S. bonds. But if you want to eliminate all risk, this is out of the question. We, however, only seek a minimum risk. If a loss should be incurred, responsibility should be borne by the Chinese representatives on the Sino-British Land Commission. This is chiefly a matter to be viewed in light of the principle that we must be accountable to the Hong Kong people. It is the simplest thing to put all the money in the bank, but this would be an act of irresponsibility to the Hong Kong people.

Reporter: You said that there will be Hong Kong people on the Land Fund Consultative Committee. How would Hong Kong people be selected for participation?

Lu: The Land Fund Consultative Committee must include selected Hong Kong people. It is not just a matter of participation by these Hong Kong people. They must also take charge. It should be a case of all Hong Kong people being involved. This is because the money is their own, and the Hong Kong people should be allowed to think out ideas. How such Hong Kong people are selected -- must this be done through a general election?

Reporter: Some people said that the Chinese side's explanations on the use of premium income reflects the sense of "rule by men," what is your opinion on this?

Lu: The Joint Declaration only says that premium income shall be deposited in banks, and no more. When one's money is deposited in a bank, can one ask the bank to make certain investments with the money? The Joint Declaration says nothing about this. After all, I put the money in banks, not in my pocket; and in the local banks, not in the Chinese People's Bank. Putting the money in a Hong Kong bank to make certain investments does not run counter to the Joint Declaration. This is my personal view. In the future, the question of what is the safest way of investment should be discussed by the Consultative Committee.

Reporter: Is it not better to have the bank decide on the investment and assume all responsibilities?

Lu: I am not clear about specific matters. I am afraid we must discuss them with the various parties concerned, with the Consultative Committee, and with the bank. We must also study further how to enact this law. But generally speaking, we must hold ourselves responsible to the Hong Kong people.

Local Inhabitants Can Be Defined by Means of Drawing Circles

Reporter: The Consultative Committee recently discussed the definition of local inhabitant. Do you think those people who hold both foreign passports and Hong Kong's permanent identity cards can be included as local inhabitants?

Lu: In the joint declaration, the questions of who are local inhabitants and who has the permanent right of abode in Hong Kong is clearly stated in three sections. If we define them by means of drawing circles, the largest circle will be Hong Kong residents, including both temporary and permanent residents and Chinese and foreign residents. A smaller circle will be local inhabitants, which refers to the people who have the right of abode in Hong Kong and have permanent identity cards. Most of these are Chinese, but there are also some foreigners who, as was provided by the Joint Declaration, have resided in Hong Kong for a continuous period of 7 years or more and have taken Hong Kong as their place of permanent residence. These local inhabitants enjoy the right to elect and to be elected in Hong Kong. In other words, if a legislative organ is established in the future, these foreign inhabitants can also join the election and be elected members of the Legislative Council. The third circle refers to the Chinese citizens among the local inhabitants. They not only enjoy the right to elect and to be elected in local elections, but also enjoy the right to elect Hong Kong delegates to the NPC. Local foreign inhabitants do not have this right. There are roughly these three cirlces. But how do we determine whether a foreign inhabitant who has resided in Hong Kong for a continuous period of 7 years has taken Hong Kong as his place of permanent residence? This question needs to be studied further and can be resolved in various ways.

Foreign Nationals Can Be Elected to the Legislative Council and Be Employed as Judges

Reporter: Some people say that if foreign nationals are elected to the Legislative Council, they will not have a sense of dedication.

Lu: Hong Kong has long been an international city with residents of different nationalities. They should have their own councilors to speak for them in the legislature. Although they cannot represent all Hong Kong people, at least they can speak for foreign residents in Hong Kong, because government departments of the Hong Kong Special Administrative Region can still employ foreign nationals, and they may also be employed as judges in courts. This is clearly stipulated in the Joint Declaration.

Reporter: If British officials have a different interpretation of the Joint Declaration, through what channels can they express their views?

Lu: If so, they can no doubt advance their views in the Sino-British joint liaison group. The Joint Declaration should be explained by governments of both countries, and should not be explained unilaterally. However, drafting the Basic Law is a matter for the Chinese Government itself.

Reporter: Will the British Government be given notice before China promulgates the Basic Law?

Lu: No. It is not necessary to do so. The Basic Law will be promulgated at the end. Before it is promulgated, the draft will be presented to all of you, as well as to the British, so there is no need to inform them beforehand. Moreover, before the Basic Law is promulgated, we will twice solicit opinion from the Hong Kong people, during their discussions of the first and second drafts.

Reporter: The two special sub-groups of the Basic Law Drafting Committee have called meetings with each other. In your view, what are causing the biggest headaches?

Lu: The political structure is regarded as the most difficult part of the Basic Law, because there are widely divergent views on the issue. For example, the initial session of the political structure sub-group was virtually a meeting at which "only Hong Kong members expounded their views on the subject," and there was divergence of views beween them. Now they have only come to an understanding with each other about relations between the central people's government and the Hong Kong Special Administrative Region.

The Elections Issue Should Be Settled and Selection of the Chief Executive Must Be Further Studied.

Reporter: What are the most vexing problems concerning the political structure?

Lu: That is the issue of elections. As the Joint Declaration stipulates, the legislature shall be set up by election. There is no objection to this point. However, specifically speaking, there are differences of opinion on how to conduct the election -- direct or indirect, partially direct elections or partially indirect elections, and on the specific methods of direct and indirect elections. At present, indirect elections are conducted through functional bodies and electoral college, but some people hold that these two channels are not perfect. How will direct elections be conducted? By direct voting among the five million inhabitants simultaneously, or in different districts at different times? How will these districts be divided? All these questions are very complicated. Another question concerns the relations between the executive and the legislature, involving the accountability of the executive to the legislature, the selection of the chief executive, and the arrangements for district organizations. There is also a divergence of views on these issues. Therefore, they should be studied further before they can be properly resolved. In my opinion, differences over these issues may still exist after the Basic Law is promulgated.

Reporter: Some people say that if there are direct elections, party politics will inevitably emerge. Do you personally think that there should not be party politics in Hong Kong?

Lu: It is better for Hong Kong that party politics do not emerge. This is my personal view. Things will be very complicated in Hong Kong if party politics are conducted there. One political party comes to power today and then another political party will come to power tomorrow. This is detrimental to Hong Kong's stability. In particular, at the time when party politics begin to emerge, political parties will proliferate and there will be a situation of a hundred parties contending with one another. It is impossible for two large parties to emerge at the very beginning. Judging by developments in all other countries, it takes quite a time for two large political parties to develop from many small ones. Will Hong Kong be able to sustain such a long process? Therefore, I personally think that party politics are unfavorable to Hong Kong. However, the question of whether political parties should be banned by law needs to be discussed by all the people concerned. I personally feel that in order to maintain Hong Kong's stability, party politics should not emerge in Hong Kong. However, perhaps when direct elections are held, party politics will become the trend of the times and political parties will inevitably emerge. If political parties are to emerge, we should also do our best to think out ways to prevent them from wielding too much influence on Hong Kong's political situation. This question should be discussed by the government of the Special Administrative Region in the future.

Reporter: Does this mean that direct elections will be restricted.

Lu: No, some practice is certain to lead to the emergence of political parties. For example, the implementation of the ministerial system. If this is the case, surely political parties should be organized. For without a majority party, it is impossible to implement a ministerial system. Personally, I am not for the ministerial system. In addition, the ministerial system does not conform to the Joint Declaration. For the declaration clearly says that the principal officials of the Special Administrative Region should be nominated by the chief executive and appointed by the central government and are not to be elected by the legislature. Neither does it say that the nomination should be approved by the legislature before reporting to the central government for the appointment. When this stipulation was made, it was considered that the chief executive had to have the power to organize his own cabinet and would be able to select those he thought could really work for Hong Kong. Only, such a government can work efficiently and can enable the chief executive to control the government. If the legislature elects an official of secretary rank who always opposes the chief executive, then it will be very hard for the government to operate. The Joint Declaration stipulates this for the precise purpose that in the future the chief executive will be able to lead a truly efficient and stable government.

HONG KONG TO MOUNT CAMPAIGN TO QUELL DAYA BAY CONCERNS

HK300301 Hong Kong SOUTH CHINA MORNING POST in English 30 Jun 86 p 1

[Excerpt] The Government is to mount an information campaign on the $27 billion Daya Bay nuclear power plant project to soothe public jitters.

Top Government officials believe the controversy has now become a political issue which could lead to a confidence crisis similar in scale to the one which occurred during the 1997 talks.

Uncertainty among local people mounted at that time as an information blackout was imposed over the progress of the talks.

On the nuclear project, officials reckon that the battle for public support should be carefully handled. Strong opposition to Daya Bay from local people might jeopardise the present delicate relationship between Hong Kong and China.

The decision to mount the campaign was reached last week after a series of high-level meetings. The Executive Council gave the go-ahead on Friday they will release the minutes of their meeting with experts from the Daya Bay contractors on safety aspects.

Opposition to Daya Bay has been mounting since the Chernobyl disaster in the Soviet Union on April 26.

Executive Councillors feel that a lack of communication and information about the project has fuelled fears and led most of the public to side with anti-nuclear groups.

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CPC INTERNATIONAL LIAISON DEVELOPMENT DISCUSSED

HK041420 Beijing RENMIN RIBAO in Chinese 29 Jun 86 p 5

[Article by Lian Yan: "A Discussion on the Readjustment and Development of the CPC's International Liaison Work:")

[Text] The Chinese Communist Party has gone through a course of 65 years; it has scored splendid victories, and committed some mistakes as well. Regarding the party's international liaison work, the accomplishments have been tremendous; but of course, we have had shortcomings and mistakes, too. Having gone through some readjustment over the past decade, a new situation has emerged in our party's international liaison work.

How is the condition of the readjustment and development of the party's international liaison work? Why is it necessary for our party to establish ties with other political parties other than communist parties? Comrades both in and outside the party are all concerned about these questions.

I

From the day of its founding, the CPC started to establish and develop ties and exchanges with foreign communist parties. The just struggles of the CPC and the Chinese people won the support of the communist parties and peoples of all countries during the period of the revolutionary war in China and the international anti-fascist war; likewise, we voiced our support to their just struggles. After the birth of new China, as the country's ruling party, the CPC further expanded and developed ties and friendship with various communist parties and peoples. By the end of the 1950's, the CPC had established or was maintaining friendly ties with the majority of the world's communist parties. However, polemics broke out in the international communist movement in the early 1950's, and China then carried out the "Great Cultural Revolution"; the ties between the CPC and the majority of communist parties were borken.

After the fall of the "gang of four" the CPC changed this abnormal state of affairs and gradually readjusted its guidelines for international liaison work. At the same time, many communist parties expressed their wish to restore ties with the majority of communist parties. In 1977, President Tito of the Socialist Federal Republic of Yugoslavia visited China at our invitation; during his visit, the Chinese and Yugoslav parties decided to recover their party relations. On our part, we were correcting a historical error, and it was a great turning point both in our party 's ideology and work. With this as a beginning, the CPC has actively recovered and developed friendly relations with a large number of communist parties, which had interrupted relations with the CPC, such as the Italian Communist Party. At present, the CPC has rather wide contacts and ties with many foreign communist parties, and the contents of the ties are richer, and more substantial, with a variety of forms.

The CPC began to establish relations with progressive and friendly parties and organizations in the Third World countries in 1978. Since the founding of the PRC, departments concerned in China have maintained friendly ties with many national liberation organizations and political parties, and actively supported them in their struggles for national liberation or safeguarding their national independence; however, the CPC had not established party relations with them. Generally, the progressive and friendly political parties of the Third World were formed and developed in their struggles for, or maintenance of, their national independence; the majority of them are now in power, taking part in the government, or have a legal place as a political party not in office.

They are very important forces in the political arena in the Third World countries. They are friendly to China, and are willing to exchange their views with the CPC on such important issues as the international situation, safeguarding world peace, defending the rights of the Third World countries and peoples, and establishing the new international economic order. And they are willing to promote mutual understanding and to exchange experiences on party building, cadre training, mass work and leadership in economic construction, as well as on promoting economic cooperative relations on the basis of equality and mutual benefits between the two countries. When we establish and promote party relations with these political parties, it is favorable to developing state-to-state relations and consolidating the friendship between the peoples, as well as safeguarding world peace and promoting the progress of mankind. Therefore, based on the principle of promoting friendship and seeking common ground while reserving differences, we have actively established and developed party relations with these political parties and organizations.

The CPC began to establish friendly ties with socialist parties, social democratic parties and labor parties in Europe and other regions in 1981. The Chinese leaders and mass organizations used to have friendly ties with the leaders of these political parties in the past, but no party relations had been established. Generally, these political parties have a long history, and a wide mass basis, and they have rather great influence on the working class, other strata of laborers, and the middle class and the petti-bourgeoisie as well. Many of them are in power, taking part in the government, or are major parties not in office, and they have great influence both at home and abroad. At present, these parties advocate relaxing the tense international situation, opposing the arms race, safeguarding world peace, promoting the North-South talks, and supporting the development of the Third World countries. They have many things in common, or similarities with our views in international affairs. They are friendly with China, and willing to establish and develop ties and cooperation with the CPC, which are helpful to both parties. The establishment of diplomatic relations with China was realized precisely when many of these parties came into power. Needless to say differences in ideologies exist between the CPC and these parties, nor do they take the same position as China on some international issues. Therefore, the CPC has adopted the guideline of transcending differences in ideologies, and seeking mutual understanding and cooperation in establishing and developing friendly ties with socialist parties, social democraatic parties and labor parties. Practice has proved that such ties are helpful to promoting state-to-state relations, friendship between peoples, as well as safeguarding world peace.

At present, the CPC's international liaison work has entered upon a new stage of liveliness. We have already established ties in different forms with some 200 communist parties and other progressive and friendly political parties. Based on the spirit of the more friends, the better, the CPC is willing to establish ties with all political parties and personalities that are willing to make friendly contacts with the CPC.

II

The ties between communist parties of various countries is a normal international phenomenon. In establishing and developing party-to-party relations, a principle acceptable to both parties is needed. Based on the historical experiences and realistic conditions of the international communist movement, the CPC proposed in its report to the 12th National Congress," In adherence to the basis of Marxism, the CPC will develop its relations with the communist parties and other working class political parties of various countries, based on the principle of independence and taking the initiative in one's own hands, complete equality, mutual respect and noninterference in each other's international affairs." This is precisely the CPC's basic guideline and principle for dealing with communist parties of various countries.

The CPC adheres to Marxism and internationalism as well as the principle of independence and taking the initiative in one's own hands. Independence and taking the initiative in one's own hands are harmonious things, and not inconsistent with each other. Without independence and taking the initiative in one's own hands, there will be no internationalism to speak of. Both the CPC and quite a few foreign communist parties of other countries advocate developing the relations between all parties on the basis of independence and taking the initiative in one's own hands. We can say that this is the universal demand in the international communist movement at present, as well as a basic experience proved by the practice of the international communist movement. Based on the viewpoint of historical materialism, the rise or decline, the success or failure of a political party is not determined by the political party of another country, but objective conditions and whether its own line and policies are supported by the people of its own country. Even if they have made some mistakes, they should be summed up and corrected by the party concerned itself, and only then, will the party be solid and sound. Therefore, the parties of various countries should all deal with their own affairs independently and take the initiative in their own hands. This is not purely a theoretical question, but a matter of practice in the main. Historical experiences have demonstrated that whenever the principle of independence and taking the initiative in one's own hands is observed in party-to-party relations, a good job will be done in their mutual relations, and it will be favorable to the development of the revolutionary cause; otherwise, the mutual relations will be injured as well as the revolutionary cause.

Then, what is independent and taking the initiative in one's own hands? Regarding this question, many parties have made brilliant expositions, and the CPC leaders have also undertaken profound discussions. To generalize, genuine independence and taking the initiative into one's own hands means that each party is responsible to its own country and people instead of being responsible to a certain foreign party or international center, that each party selects its own road of development in revolution and construction in line with its country's conditions under the guidance of the basic tenets of Marxism instead of copying another party's model, that each party decides on its own positions in international affairs instead of obeying a big party or country's foreign policy or struggle, that each party manages its own affairs and handles its relations with other parties and opposes any outside interference or control. We stress independence and taking the initiative in one's own hands, and simultaneously advocate the moral support of each other and the exchange of views on a voluntary basis. We oppose any restriction on the actions of another party with the so-called "common strategy" and "coordinated action," the practice of turning internationalism against independence and taking the initiative in one's own hands, and the behavior of intervening and controlling another party and country under the pretext of internationalism.

Party-to-party relations should be one of equality. All parties, whether they are big or small, powerful or weak, with a long or short history, in power or not in power, should all be completely equal. The postwar historical experiences of the international communist movement have demonstrated that it does not need and there should not be a leading center and party. Any party, no matter how long a history it has, no matter how early it won its victories in revolution, no matter how many rich experiences it has, has no special privilege to stand above other parties. Both the CPC and some other parties resolutely oppose the style of a paternal party.

We also believe that the parties of every country each have their own merits as well as shortcomings, and they should show respect to each other, learn from each other, and make up each other's deficiencies.

Because of the different environment and experiences of the parties of various countries, it is impossible for them to arrive at an unanimous view on the situation and their tasks. The disputes or different views on some issues between different parties is a normal phenomenon, which should not become a block in developing mutual relations. Regarding such differences in views, they can only be solved step by step based on the principle of seeking common ground while reserving room for differences, friendly negotiation on a voluntary basis, and patience by both parties in waiting for a solution. We should by no means force unanimity on others, or force the views of one party on the other. Concerning the questions left over by history in party-to-party relations, we should chiefly rely on each summing up its own experiences and lessons, with both parties looking forward to the future. It is precisely based on this principle that the CPC has recovered the friendly relations with many communist parties which had once interrupted ties with us.

Strictly observing the principle of nonintervention in the internal affairs between the parties of various countries is an important historical experience and lesson of realistic significance. Without this principle, there is no independence and equality to speak of as well as mutual respect and learning from each other. In its report to the 12th CPC National Congress, the Central Committee has explicitly pointed out, "Of course, mutual help is needed between parties of various countries, however, any external compulsion and taking on what ought to be done by others should never be allowed. Forcing one's views on others, and intervening in the internal affairs of the party of another country will only make the revolutionary cause of the country concerned suffer setbacks and failure. As to forcing the policies of other countries' parties to serve the policies of the party of one's own country, and even carrying out armed intervention in another country, that can only sabotage the international communist movement at its roots. "When the CPC stresses mutual nonintervention in internal affairs, it includes not only the nonintervention in any of the internal affairs of the party of another country, but also refraining from intervening in the internal affairs of another country by means of party relations, and refraining from using bilateral party relations to injure other parties or any third party. We have been good to our words these years.

The CPC has carried out unremitting struggles for ascertaining and safeguarding the correct principle for party-to-party relations. However, we had shortcomings and mistakes in dealing with foreign communist parties in the past, which have brought ill consequences to some parties. The CPC has earnestly summed up the experiences and lessons in this respect, made self-criticism in the open, and simultaneously corrected them in practice.

The four principles on independence and taking the initiative in one's own hands, complete equality, mutual respect, and nonintervention in each other's internal affairs proposed by the CPC are applicable not only to the relations between the CPC and foreign communist parties, but also the relations with other progressive and friendly political parties, from the angle of transcending ideologies. In recent years, the CPC has scored marked results in developing relations with other progressive and friendly political parties by strictly abiding by the four principles.

III

The CPC has adhered to the principle of seeking truth from facts, and the principle of combining Marxist tenets with actual conditions. The CPC has always regarded Marxism as the theoretical basis of its ideology. We believe that Marxism is the guide to actions, but not rigid dogma. Marxist tenets should be developed as well as adhered to. We should persist in dialectical materialism and historical materialism, as well as the Marxist stand, viewpoints and approaches in analyzing and solving problems.

However, Marxism is a developing science, and we should not stick to some outdated individual doctrines and conclusions which are no longer applicable to the new historical conditions, neither should we rigidly adhere to some individual principles which are suitable only to some particular conditions or are not quite complete or perfect, but we should combine Marxist tenets with the actual conditions. Practice has proved that not only some individual conclusions in Marxism need be broken through, or have already been broken through, but even the tenets themselves also need be continuously tested, supplemented, made complete and perfect, enriched and developed in practice. This is a principle which Marxist classical writers had long expounded repeatedly. In fact, the reason why Marxism has such great vitality lies in the fact that it has always combined itself with practice, linked itself with the practical struggle of certain times, and is capable of answering and solving the new problems that emerged in practice and opening a way for new tasks, when Marxism itself has been enriched and developed in practice. The great victory of the October revolution led by Lenin had proved this point, as well as the great victory of the Chinese revolution led by Mao Zedong, when the revolutionary practice of other communist parties have done the same.

It is precisely based on the above-mentioned guiding ideas that we advocate carrying out continuous exploration on the road of revolution and construction, and at the same time, support other parties to carry out their own exploration. Regarding communist parties in power and socialist countries, we advocate that views be exchanged internally on a voluntary basis regarding the socialist construction of those countries, when open criticism and censure should be refrained from, because this involves the internal affairs of other parties and countries, and no one whatsoever should intervene. The conditions of various parties and countries differ, so do the ways of their construction, which should be respected. As socialism is still in the course of developing, it needs continuous exploration, and mistakes are unavoidable to anybody. Historical experiences have demonstrated that the results of open criticism in the internal affairs of other parties and states are very bad. In short, we should respect and study the exploration and experience of all socialist countries. Likewise, many of the communist parties not in office are facing the tremendous changes in social, economic, and class structures, and they are thinking independently, summing up experiences, in pursuit of measures to suit the new situation in their program, organization and modes of struggles, as well as making theoretical exploration in search of new ways for development. The communist parties of these countries have the best conditions to understand the realities and historical conditions of their own countries; whether their explorations are right or wrong should be tested by practice, and judged by the people of their own countries, and summed up by the parties concerned. We welcome and respect these parties carrying on exploration and blazing new trails; we should not judge others' right or wrong based on our own experiences and understanding; the more so should refrain from drawing conclusions for others. We should also see that many progressive and friendly Third World political parties are exploring ways of developing suitable to the actual conditions of their own countries, and drawing up the strategies and policies for their own development. Regarding them, we can discuss each other's situations, but by no means should we force our experiences and views on others. This is a principle the CPC has adhered to.

IV

The CPC is a patriotic as well as an international party, and has always advocated the combination of patriotism with internationalism. The CPC's target and tasks for international liaison work at present are to serve China's socialist modernization, and to work for safeguarding world peace, strenghthening the friendship of the peoples of all countries in the world, and promoting the progressive cause of mankind.

Going all out to carry out socialist modernization is China's central task during the new historical stage. All work of our party, including international liaison work should be subject to, and render service to its general objectives and tasks. This is required by the basis interests of the Chinese people, as well as the first and foremost respect in carrying out our internationalist obligation. This is because, doing a good job in the four modernizations through reform, building China into a modernized power with a high level of civilization and democracy will be the greatest contributions we make to world peace, international economic prosperity and the progressive cause of mankind, as well as the greatest help to the working class and people throughout the world.

At the same time, the CPC adheres to the principled position of opposing imperialism, hegemonism, colonialism and racism, and continues to support the people of all countries in striving for, and safeguarding their legal rights, and to promote the progressive cause of mankind. This is also the obligation we should fulfill. When we say support, we refer to moral and political support, which of course includes necessary humanitarian assistance. We oppose "exporting revolution." What kind of social system a country chooses is strictly a matter for the people of the country concerned to decide.

At present, the questions of peace and development have become the two great basic questions that have a bearing on the fate and future of all of mankind. The Chinese Communists are willing to make contributions to the solution of these two basic questions. We believe that the danger of a world war still exists; however, the forces safeguarding peace, and the factors restricting war are continuously growing; therefore, the prospects of a lasting world peace are hopeful. We have repeatedly expressed our position of safeguarding peace, and advocating disarmament, and put our words into action. At the same time, we have resolutely implemented the policy of opening up to the world, actively developing economic cooperative relations with all countries, and promoting Third World development and international economic prosperity. The CPC has developed its relations with all foreign communist parties and other progressive and friendly political parties, and exchanged views with them on such issues as peace, disarmament, and development, which is an important channel to relaxing the tense international situation, and striving for the total prohibition, and thorough elimination of nuclear weapons, and safeguarding lasting world peace, and promoting the world's economic development. In short, safeguarding world peace and promoting economic cooperation are also the important tasks and objectives in our party's international liaison work.

The CPC is part of the international communist movement, and we are exerting our efforts in our international work to promote the healthy development of the communist movement. We have always been revolutionary optimists. It is our view that the international situation is continuously developing and changing, and the development of the international communist movement will undergo the ups and downs of high and low tides. By looking at it as a whole, the international communist movement is advancing in exploration, and developing on a tortuous course. The chief indication of advance and development lies in the fact that more and more communist parties are attaching attention to independent thinking, and doing their best to link Marxistr tenets with the actual conditions of their own countries, in search of a way for their own development. At the same time, more and more communist parties advocate independence and taking the initiative in their own hands, oppose the existence of a leading center and party, and seek to establish a new-type party-to-party relation on the basis of independence and equality and voluntary ties. Therefore, we are firm in the belief that through the long-term common efforts of the parties of all countries, no matter how arduous and tortuous the road of progress is, a brand new situation will appear in the international communist movement.

GOVERNMENT TO APPLY FOR GATT REINSTATEMENT

OW090142 Beijing XINHUA in English 0115 GMT 9 Jul 86

[Text] Beijing, July 9 (XINHUA) -- The Chinese Government will soon apply for resumption of its membership in the General Agreement on Tariffs and Trade (GATT), a spokesman for the Ministry of Foreign Economic Relations and Trade said here today. The Chinese Government is willing to enter into substantive negotiations on terms of resumption with GATT contracting parties on the basis of tariff concessions, he added.

China was one of the original contracting parties to GATT, and a member of the executive committee of Interim Commission for the International Trade Organization, the spokesman said, adding that "due to historical reasons, the official relationship between China and GATT has long been suspended" since the establishment of the People's Republic of China in 1949. In recent years, he added, China has been making various preparations for resuming its membership in GATT, and now preparations are basically ready.

In view of the great changes that have taken place in both China and GATT in the preceding 30 years and more, the spokesman noted, the Chinese side deems it most practical to take an approach of mutual non-retroactivity to the issue of each other's rights and obligations during this period. As a developing country, he said, China expects to be entitled to a treatment equivalent to that accorded to other developing countries. And at the same time, he added, China is prepared to undertake obligations consistent with the level of its economic and trade development in accordance with the relevant GATT regulations and rules.

China's request to resume its membership in GATT aims at opening itself more fully to the outside world and developing its economic relations and trade with GATT contracting parties on the basis of equality and mutual benefit, the spokesman stressed.

CHIEF U.S. DELEGATE OPTIMISTIC ON GENEVA TALKS

OW090600 Beijing XINHUA in English 0545 GMT 9 Jul 86

[Text] Bonn, July 8 (XINHUA) -- U.S. chief arms negotiator Ronald Lehman said here today that the United States is ready to seriously consider the recent Soviet proposal to reduce strategic nuclear weapons and that progress in the Geneva arms reduction negotiations was possible. Lehman, chief arms negotiator at the U.S.-Soviet Geneva arms talks, made the remarks in a meeting with Federal German Foreign Minister Hans-Dietrich Genscher on issues of East-West disarmament. Sources said that Genscher briefed Lehman on his talks with chief Soviet arms negotiator Viktor Karpov yesterday.

The latest Soviet proposal, made last month, calls for a U.S.-Soviet agreement on non-withdrawal from the 1972 Anti-Ballistic Missile (ABM) Treaty for at least 15 years and on limiting the research of the U.S. Strategic Defense Initiative to laboratory testing. The proposal also calls for the limiting of American and Soviet strategic offensive arms to 1,600 units each and limiting warheads to no more than 8,000 each.

Lehman, who arrived here this morning for a regular consultation on disarmament, also met today with Federal German disarmament representative Friedrich Ruth and foreign policy spokesman of the parliamentary group of the Liberal Party Helmut Schafer.

XINHUA ON REAGAN'S REACTION TO SOVIET PROPOSAL

OW081124 Beijing XINHUA Domestic Service in Chinese 1326 GMT 5 Jul 86

[Text] Beijing, 5 Jul (XINHUA) -- Commentary by XINHUA reporter Mei Zhenmin: Reagan's reaction to Soviet new proposal

Recently, U.S. President Reagan made a noticeably positive reaction to the Soviet Union's new proposal on disarmament.

Gorbachev, general secretary of the CPSU Central Committee, on 16 June put forward an "interim proposal" calling for "a limit on the United States' Strategic Defense Initiative [SDI] to the experimental level" and for both sides to "adhere to the SALT II nuclear arms control trety for another 15 years." He also advocates "limiting the strategic nuclear arsenals of both nations to their current levels." The "interim proposal" lists the aforesaid points side by side, and has not set the first two points as a prerequisite to the last point. U.S. President Reagan praised the proposal as Soviet Union's "beginning of a serious effort" that "could represent" "a turning point" in arms talks and "an opportunity for improving the relations between the two nations." He said that he accepts it "in principle."

Reagan's reaction was positive because the "interim proposal" indeed shows some relaxation and is closer to U.S. demand. It is also because of the following two reasons:

1. Since the beginning of this year, the Reagan administration has rejected one Soviet disarmament proposal after another. Recently, it announced that it will no longer be bound by the SALT II treaty after the end of this year. In addition, it has put forward a "limited retroactive strategy [you xian tui hui zhan lue 2589 7098 2236 0932 2069 3970]" and launched two raids on Libya which has close relations with the Soviet Union. All of these have again strained U.S.-Soviet relations which had just been relaxed a little. Reagan has his own strategic consideration and attempts to hold in check Soviet Union's "acceleration strategy [jia su zhan lue 0502 6643 2069 3970]," but his strategy has caused serious anxieties and worries among the U.S. public and its Western European allies. At the recent NATO foreign ministers conference, the allies were unanimously opposed to U.S. abolition of the SALT II treaty. Most U.S. Congressmen also openly oppose the abolition. The U.S. House of Representatives specifically adopted a resolution calling on the Reagan administration to continue to abide by the treaty. A public opinion poll on 25 June showed that more than 60 percent of the American people are opposed to some foreign policies of the Reagan administration. As the mid-term election in November draws near, President Reagan must consider the sentiments of the American people and the aspirations of the Western European allies.

2. In the United States, the voices objecting to the "star wars" program has become louder, creating more resistance to this program of the Reagan administration. On 13 May some 6,500 scientists, engineers, and technicians issued a pledge not to take part in the "star wars" program and criticized the program as a "dangerous assumption." On 19 June some 1,600 scientists working with upper-level agencies of the Reagan administration and industrial laboratories (many of them are taking part in the "star wars" program) jointly wrote Congress a letter regarding the program as "unfeasible in the foreseeable future" and as "seriously endangering existing arms control treaties and future talks."

Under the impact of such surging opposition, the U.S. Congress' enthusiasm for the "star wars" plan is also diminishing. Forty-six senators have written a joint letter to the Reagan administration, demanding a drastic reduction of the proposed spending on "star wars" research. When the Senate and the House deliberated and approved the federal government's budget for fiscal 1987, they cut a considerable amount from the expenditure proposed by the Reagan administration for research on the "star wars" plan. Recently, there has been a rumor that the United States will gradually end the "star wars" plan, although this cannot be regarded as true because President Reagan, who considers it his "trump card," will not give it up easily. It seems, however, that because many factors are involved, he may have to slow down the pace of implementing the plan. This may have influenced the Reagan administration's attitude on the question of arms control.

While responding positively to the above Soviet proposal, President Reagan has indicated many times that he hopes that the second summit between the leaders of the two countries can be held within this year. On 3 July, he told USA TODAY reporters: The Soviet Union's recent proposals on weapons control, regional conflicts, human rights, immigration, and other issues "made me optimistic. We will not only hold a summit meeting with the Soviet Union, but I feel the meeting may reach agreements on some identical objectives."

Whether the events mentioned above will lead to an earnest U.S.-Soviet disarmament agreement needs further observation.

LI PENG MEETS WITH IBM VICE CHAIRMAN RIZZO

OW051454 Beijing XINHUA in English 1340 GMT 5 Jul 86

[Text] Beijing, July 5 (XINHUA) -- Vice-Premier Li Peng met here today Paul Rizzo, vice-chairman of the board of directors of the International Business Machines (IBM) of the United States, and his party. They discussed cooperation in the use of computers, software development, the production of microcomputers and personnel training.

Li told Rizzo that China is willing to cooperate with IBM, which has a large force of competent technical personnel, in various fields. Rizzo expressed willingness to contribute to the development of China's production and application of computers and electronics industry as a whole.

Rizzo and his party arrived here Thursday at the invitation of the Chinese Ministry of Electronics Industry. They exchanged views with relevant Chinese departments on cooperation.

NPC OFFICIALS MEET, FETE U.S. CONGRESS GROUP

OW090754 Beijing XINHUA in English 0735 GMT 9 Jul 86

[Text] Beijing, July 9 (XINHUA) -- Wang Renzhong, vice-chairman of the National People's Congress Standing Committee, met a delegation from the budget committee of the House of Representatives of the United States led by the committee chairman W.H. Gray at noon time today.

Wang, also chairman of the financial and economic committee of the NPC, noted that the Sino-American contacts had increased year by year. In recent years, he said, although bilateral trade had grown, their volume only accounted for a small proportion of the total U.S. import and export trade.

He expressed the hope that the U.S. Congress and administration would approach the Sino-U.S. trade and U.S. technology transfer to China from a long-term point of view and adopt a policy of more preferential treatment toward their development.

Gray said that he was very pleased to note bilateral cooperation in many fields. The U.S. had become an important trading partner of China. "We are looking forward to further developing our relations," he added.

Later, Han Zheyi, vice-chairman of the financial and economic committee of the NPC, gave a luncheon in honor of the U.S. visitors. This morning, Han Zheyi held talks with Gray and his party on further development of bilateral economic and technological cooperation and trade. The delegation arrived here yesterday at the invitation of the financial and economic committee of the NPC.

Yao Yilin Discusses Exports

OW091058 Beijing XINHUA in English 1011 GMT 9 Jul 86

[Text] Beijing, July 9 (XINHUA) -- Chinese Vice-Premier Yao Yilin met a delegation from the budget committee of the House of Representatives of the United States led by committee chairman W.H. Gray here this afternoon. Yao said China, as a developing country, should strengthen its economic and technological cooperation and trade with the developed nations.

While importing U.S. equipment and technology, he noted, China is keen to export more products to the U.S. because only when China exports more can it import more. Referring to U.S. investment in China, Yao said that the U.S. has funds, technology and equipment while China is rich in manpower. These advantages, once combined, will benefit both countries, he added.

BO YIBO MEETS WITH U.S. JOURNALISM SCHOOL DEAN

OW050555 Beijing XINHUA in English 0551 GMT 5 Jul 86

[Text] Beijing, July 5 (XINHUA) -- Bo Yibo, vice-chairman of the Central Advisory Commission of the Chinese Communist Party, met with James Atwater, dean of the School of Journalism, University of Missouri, the United States, and Mrs. Atwater here today.

Since the establishment of the Snow Foundation by the School of Journalism in 1981, the school has trained about 25 Chinese Snow fellows who are now working in the XINHUA NEWS AGENCY, CHINA DAILY, Radio Beijing, China Central T.V., China Reconstructs and BEIJING REVIEW.

Bo expressed his thanks to the school for its help. He said that is a good beginning and will promote the mutual understanding and friendship between the two countries. Atwater said his school is willing to train more journalists for China.

Present at the meeting were Zeng Jianhui, deputy director-general of the XINHUA NEWS AGENCY, and Zhou Lifang, executive associate dean of the China School of Journalism. The Atwaters arrived here June 29 as guests of the XINHUA NEWS AGENCY.

PRC TRADE, ECONOMIC EXHIBIT IN MOSCOW PREVIEWED

OW081128 Beijing in Russian to the USSR 1800 GMT 6 Jul 86

[Excerpts] A PRC trade and economic exhibition will be held in Moscow from 25 July to 10 August. Like last year, it will be located in the same pavilion in Sokolniki, at the third Moscow international communal and repair service equipment fair building. Our correspondent recently obtained details on the preparations being made in Beijing for the exhibition and examined some of the displays which will soon be sent to Moscow. Here is his reportage:

The PRC trade and economic exhibition is being organized by the China Council for Promotion of International Trade. (Xie Jianqun), leader of the PRC exhibition delegation who will soon leave for Moscow, told us about the preparations for the exhibition. Here is what he said: According to the agreement on the mutual organization of exhibitions in the PRC and the Soviet Union signed by the governments of both countries in 1986, a PRC trade and economic exhibition will be held in Moscow. The exhibition hall area is 2,500 square meters. Five ministries and 22 PRC foreign trade companies will take part in the exhibition.

At the exhibition, Soviet visitors will see new products of our country's machine-building and electronic industries, including machine tools with digital controls and precision machine tools, new equipment for modern metallurgical enterprises, satellite communication system ground stations, and new models of domestic electric appliances. Models of the scientific expeditionary ship Taiyanghung No 10, a container carrier, a tanker, and a floating oil drilling platform designed and built in China, and models of the artificial earth satellite Great Mission 3 rocket will be exhibited. Products of the oil and chemical industries and ferrous and nonferrous metal items will be shown at the exhibition. Among the exhibits will also be traditional light industry goods such as textiles, art works, grain, oil and food products, well-known Chinese fur items, rugs, and down products, as well as books and magazines. There will be over 4,000 exhibits in all.

Soviet visitors will have the chance to see our domestic color TV receivers of the Gold Star, Beijing, and [word indistinct] brands. [passage omitted]. Exhibition workers told us that Gold Star sets are exported to over 20 countries and regions including Finland, Singapore, Thailand, and Hong Kong. Beijing color television receivers are exported to Hungary. [passage omitted]

We heard Russian spoken via the two-system, PAL/SECAM, (Pion) color TV receiver, which receives TV programs via a Soviet communications satelite. An exhibition worker told us that a domestic set for receiving television programs via communication satellites will be taken to Moscow. At some stands at the exhibition TV sets will show video recordings with captions in Russian. [passage omitted].

An exhibition worker told us that machine tools with digital controls are high-precision tools and can compete with advanced machine tools from the FRG, Japan, and other countries. [passage omitted] Before the departure of the PRC trade and economic exhibition delegation for Moscow, we asked delegation leader (Xie Jianqun) to say a few words for Soviet radio listeners. Here he is at the microphone: [Begin (Xie Jianqun) recording in Russian] The PRC trade and economic exhibition will be the first independent Chinese exhibition in Moscow since 1953. We sincerely hope that this exhibition will make a positive contribution to the development of trade and economic cooperation between the PRC and the Soviet Union, and to the cause of improving mutual understanding and friendship between the people of our two countries. We warmly invite Soviet friends to visit our exhibition in Sokolniki Park. [end recording]

PRC-DPRK AMITY ANNIVERSARY NOTED IN BOTH CAPITALS

Reception Held in Beijing

OW091400 Beijing XINHUA in English 1344 GMT 9 Jul 86

[Text] Beijing, July 9 (XINHUA) -- The 25th anniversary of the signing of the Sino-Korean Treaty of Friendship, Cooperation and Mutual Assistance was marked at a reception here today. Among the 250 people attending were Chen Pixian, vice-chairman of the Standing Committee of China's National People's Congress, a Korean radio and television delegation led by Chu Chang-chun, a delegation from the Korean-China Friendship Association led by O Mun-han, Korean Embassy officials, experts and students here.

In his speech, Zhang Wenjin, president of the Chinese People's Association for friendship with Foreign Countries, expressed satisfaction over the two countries' mutual assistance and cooperation in the political, diplomatic, economic, cultural and educational fields in line with the friendship treaty. He called for further strengthening of friendly cooperation between the two countries and the unity of the two peoples.

Korean Ambassador to China Sin In-ha expressed the belief that Sino-Korean friendship would be further consolidated and developed. The Korean people and party are determined to develop their friendship with China from generation to generation, he said.

Artists gave performances at the reception. The occasion was also celebrated today at the China-Korea friendship people's commune in the city's suburbs.

Leaders Send Message to DPRK

OW100806 Beining XINHUA in English 0747 GMT 10 Jul 86

[Text] Beijing, July 10 (XINHUA) -- Chinese party and state leaders today sent a message to their Korean counterparts to congratulate them on the 25th anniversary of the signing of the Treaty of Friendship, Cooperation and Mutual Assistance between China and Korea. The message to Korean President Kim Il-song and premier of the Administration Council Kang Song-san was written by General Secretary of the Central Committee of the Chinese Communist Party Hu Yaobang, President Li Xiannian, Chairman of the Standing Committee of the National People's Congress Peng Zhen and Premier Zhao Ziyang.

The message says that the cooperation treaty is of great significance in the history of the friendly relations between the two countries. The treaty reflected the sincere aspiration and firm determination of the two peoples of China and Korea to further their solidarity and maintain peace in Asia and the rest of the world, the message says.

Under the guidance of the spirit of the treaty and in accordance with the principles of Marxism-Leninism and proletarian internationalism, the message says, China and Korea have further promoted bilateral cooperation in the political, economic, military, cultural, scientific and technological fields.

The message says that the Chinese people are glad to have seen that the Korean people, under the leadership of the Korean Workers' Party led by Comrade Kim Il-song, have been maintaining the policy of political self-determination, economic independence and self-reliance in national defense.

The Chinese party, Government and people will continue their efforts to maintain friendly China-Korea relations and support the Korean people's efforts for the relaxation of the tense situaton on the Korean peninsula and the realization of Korean independence and peaceful reunification, the message concludes.

DPRK Leaders Send Greetings

OW101016 Beijing XINHUA in English 0949 GMT 10 Jul 86

[Text] Beijing, July 10 (XINHUA) -- Chinese leaders today received letters from Korean President Kim Il-song and Kang Song-san, premier of the Administrative Council, which referred to the signing of the Treaty of Friendship, Cooperation and Mutual Assistance between China an Korea 25 years ago as "a significant thing." The late Chinese Premier Zhou Enlai and Korean President Kim Il-song signed the treaty July 11, 1961 in Beijing.

In Kim's letter to General Secretary of the Central Committee of the Communist Party of China Hu Yaobang, President Li Xiannian and chairman of the Standing Committee of the National People's Congress Peng Zhen, the general secretary of the Central Committee of the Workers' Party of Korea said that the treaty has developed Korean-Chinese friendly cooperation to a high level. The treaty has contributed greatly to the socialist constructions of the two countries and the preservation of world peace, Kim said.

Kim also extended his firm support to China's efforts for peaceful reunification of the motherland. Kim also expressed his satisfaction with China's efforts in the acceleration of the friendship between the two countries.

In Kang's letter to Premier Zhao Ziyang, he hoped that the friendship between the two countries will be further strengthened based on reliable close relations.

Friendly Relations Praised

OW091900 Beijing XINHUA in English 1747 GMT 9 Jul 86

[Text] Pyongyang, July 9 (XINHUA) -- Korean and Chinese officials today highly praised the development of friendly relations between the two countries over the past 25 years. The statements were made at a ceremony held here to mark the 25th anniversary of the Korea-China Treaty of Friendship, Cooperation and Mutual Assistance.

Korean party and Government officials including chairman of the Central Committee for Foreign Cultural Relations Yi Mong-ho attended the ceremony. Vice-President of the Chinese People's Association for Friendship With Foreign Countries Huang Shiming, who led a Sino-Korean Friendship Association delegation to attend the treaty anniversary celebrations, and Chinese ambassador to Korea Zong Kewen were also present on the occasion.

Speaking at the ceremony, chairman of the Central Committee of the Korea-China Friendship Association Li Cha-pang said the signing of the treaty has sealed in legal form the Korea-China friendship which was formed in their severe and glorious common struggle. The Korean and Chinese peoples, he stressed, are old comrades-in-arms who have cemented their friendship with blood and sacrifice in the protracted common struggle. The Korean people will always advance shoulder to shoulder with the Chinese people, he added.

Huang said the Sino-Korean Treaty of Friendship, Cooperation and Mutual Assistance is of great significance in strengthening and promoting the friendship and cooperation between the two peoples and safeguarding peace in Asia and the rest of the world. The traditional Sino-Korean friendship has stood the test of strong winds and storms and no force can destroy it. "We will do our utmost to further enhance and develop the friendship and unity between us and hand it down to the future generations," he said.

A Chinese film was shown at the ceremony. In the afternoon, a photo exhibition on China's achievements in construction was jointly held here by the two parties. Meanwhile, a three-day Chinese film festival, which started yesterday, is being held in the cities of Pyongyang and Sinuiju to mark the occasion.

DPRK Delegation Arrives

OW100610 Beijing XINHUA in English 0559 GMT 10 Jul 86

[Text] Beijing, July 10 (XINHUA) -- A Korean party and government delegation arrived here at noon today to attend the celebration activities for the 25th anniversary of the China-Korea Treaty of Friendship, Cooperation and Mutual Assistance. The treaty was signed on July 11, 1961. Headed by Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president of the Democratic People's Republic of Korea, the delegation, which came by train, will also pay a friendship visit to China.

Wan Li, member of the Political Bureau of the Chinese Communist Party Central Committee, and acting premier, will hold a welcoming ceremony in honor of the Korean guests. He will also give a banquet to celebrate the anniversary of the treaty signing. After their arrival, the Korean guests were met and guests of honor at a luncheon by Xi Zhongxun, member of the Political Bureau of the CPC Central Committee.

Tian Jiyun, Delegation To DPRK

OW100606 Beijing XINHUA in English 0555 GMT 10 Jul 86

[Text] Beijing, July 10 (XINHUA) -- A Chinese party and government delegation left here for Democratic People's Republic of Korea this morning to attend celebrations marking the 25th anniversary of the signing of the Sino-Korean Treaty of Friendship, Cooperation and Mutual Assistance.

The delegation is led by Tian Jiyun, member of the Political Bureau and of the Secretariat of the Chinese Communist Party Central Committee and vice-premier.

Delegation members are Xu Huizi, member of the CPC Central Committee and deputy chief of general staff of the People's Liberation Army; Jiang Guanghua, deputy head of the International Liaison Department under CPC Central Committee; Liu Shuqing, vice-minister of foreign affairs; Lu Xuejian, vice-minister of foreign economic relations and trade; and Zong Kewen, Chinese ambassador to Korea.

The delegation was seen off at the airport by Zhu Liang, head of the International Liaison Department under CPC Central Committee and Sin In-ha, Korean ambassador to China. Prior to the departure, Tian told the Korean ambassador, "This is my first visit to Korea. I'm going with the mission to enhance Sino-Korean friendship. I hope my visit will be a success."

Tian Delegation Arrives in Pyongyang

OW100818 Beijing XINHUA in English 0804 GMT 10 Jul 86

[Text] Pyongyang, July 10 (XINHUA) -- A Chinese party and state delegation arrived here this morning to celebrate the 25th anniversary of the signing of the Treaty of Friendship, Cooperation and Mutual Assistance between China and Korea. The delegation is led by Tian Jiyun, member of the Political Bureau of the Central Committee of the Communist Party of China and vice premier of the State Council.

The late Chinese Prime Minister Zhou Enlai and Korean President Kim Il-song signed the treaty on July 11, 1961 in Beijing. In the light of the treaty, the two peoples have cooperated fruitfully in various fields. And friendship and cooperation between the two countries has been accelerated. Korea will hold public lectures, banquets and rallies as part of the celebrations.

Chen Pixian Opens DPRK Photo Show

OW081112 Beijing XINHUA in English 1049 GMT 8 Jul 86

[Text] Beijing, July 8 (XINHUA) -- A photo exhibition on the construction of the Democratic People's Republic of Korea opened here today. It is sponsored by the Chinese Ministry of Culture to mark the 25th anniversary of the China-Korea Treaty of Friendship, Cooperation and Mutual Assistance.

Chen Pixian, member of the Secretariat of the Chinese Communist Party Central Committee, cut the ribbon at the opening ceremony.

On display are 58 color as well as black and white photos on cooperation between the Chinese and Korean parties and the two countries, and achievements of the Korean people in building their country under the leadership of President Kim Il-song.

Also present at the opening ceremony were Vice-Chairman of the Korean Committee for Cultural Relations With Foreign Countries O Mun-han, who has come especially to attend activities marking the anniversary of the treaty, and Korean Ambassador to China Sin In-ha.

ZHAO ZIYANG CONTINUES EUROPE-AFRICA TRIP

Meets With SFRY Industrialists

OW091812 Beijing XINHUA in English 1804 GMT 9 Jul 86

[Text] Ljubljana, Yugoslavia, July 9 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang said here today that the economic cooperation between the Slovenian Republic of Yugosvalia and China has a broad prospect but requires greater joint efforts to expand it.

In a meeting with a group of industrialists from various local companies which have already established or are prepared to open business relations with China, the Chinese premier, after being briefed on their production and overseas operation, said Slovenia's cooperation with China has had a good beginning.

Slovenian industrialists are active in seeking suitable forms of cooperation based on mutual needs, equality and mutual benefit. and this is a very important condition to enable the economic and trade relations to develop smoothly, Zhao stressed. He also told them that China had a large market, but this market can play its role only when it has a necessary payment capacity.

Premier Zhao noted that Slovenia, a republic is northwestern Yugoslavia, is better developed economically than other parts of the country, and the industrialists are familiar with the international market situations. Because of these advantages, Slovenia can expect a bigger share in the country's economic cooperation with China in future, he added.

The companies represented at today's meeting with Premier Zhao are all associated with the Ljubljana-based "smelt" project management organization which has business relations with many developing countries and has opened an office in Beijing.

Ends SFRY Visit

OW100110 Beijing XINJUA in English 0059 GMT 10 Jul 86

[Text] Ljubljana, Yugoslavia, July 9 (XINHUA) -- Chinese Premier Zhao Ziyang wraps up his four-day visit to Yugoslavia tonight and moves on to Greece tomorrow morning. The northwestern Republic of Slovenia is Zhao's last stop in Yugoslavia.

Premier Zhao had a friendly meeting with Slovenian President France Popit here this afternoon. During the meeting, President Popit elaborated on the work done by the Presidency of the Yugoslav Republic and expressed his hope that the economic, scientific-technological, trade and cultural cooperation between the Solvenian Republic and China's Sichuan Province will be further expanded.

Zhao expressed his appreciation of Slovenia's experience in economic cooperation with China's Sichuan Province. After meeting Popit hosted a banquet for Zhao. During his stay in Slovenia, Premier Zhao also visited a cultural center named after well-known Slovenian writer Ivan Cankar.

ZHU QIZHEN IN MEXICO RAPS U.S. AID TO CONTRAS

OW091222 Beijing XINHUA in English 1155 GMT 9 Jul 86

[Text] Mexico City, July 8 (XINHUA) -- China deplores outside intervention in Central America, Chinese Vice Foreign Minister Zhu Qizhen declared here today. Speaking at the Institute of Diplomatic Studies of the Mexican Ministry of Foreign Affairs, Zhu said China opposes the recent approval by the U.S. House of Representatives of 100 million U.S. dollars in aid to the Nicaraguan rebels, also known as "contras."

Zhu praised the Contadora Group and the Lima Group for their efforts to reduce tension in Central America and find a political solution to the regional conflict.

In his speech entitled "China's Foreign Policy of Independence and Peace," the Chinese vice-foreign minister expounded on Chinese policies on a wide range of international issues and its relations with Mexico.

On the debt burden of Latin American countries, Zhu said China expects "the developing countries concerned and the international financial organizations to adopt a positive attitude of cooperation in order to help debtor countries to recover and develop firstly its economy in order to promote the payment of the debt by means of growth and to stop continuing to sacrifice the interests of the peoples of those countries."

He said "a fundamental principle of China's foreign policy lies in opposing hegemonism and safeguarding world peace. Everything that contributes to world peace and stability can count on China' support, while all hegemonistic acts, coming from wherever they may come and in any form they may take, will be the object of our repudiation."

"Independence and self-determination is a basic principle of China's foreign policy," he said. "China will not subordinate itself ever, and under no circumstnces, to big powers or blocs of countries, nor will it align itself, establish strategic relations with any big power nor cede to its pressures."

"The affairs of each country must be handled by its own people through consultation rather than be decided by one or two powers. The disputes between nations must be solved peacefully through negotiations on the basis of equality, without resorting to force nor to the threat of the use of force," he emphasized.

Zhu said since 1972, when diplomatic relations between China and Mexico were established, their relations have developed satisfactorily in all fields. He said among the Latin American countries, China has the largest number of scientific and technological cooperation programs and cultural exchanges with Mexico. He said friendly cooperation between Mexico and China has great potentialities.

More than 80 Mexican diplomats attended the conference.

Leaves Mexico for Cuba

OW100014 Beijing XINHUA in English 0003 GMT 10 Jul 86

[Text] Mexico City, July 9 (XINHUA) -- Chinese Vice Foreign Minister Zhu Qizhen left here to proceed to Cuba today after a two-day working visit here during which he and his Mexican counter-parts reviewed bilateral relations and a number of international issues.

Zhu Qizhen held friendly, cordial and frank conversations with Mexican under-secretaries Alfonso de Rosenzweig-Diaz, Victor Flores and Ricardo Valero on separate occasions, Chinese Embassy officials here said. They particularly discussed the question of economic and scientific cooperation between China and Mexico.

Zhu Qizhen told his hosts that China is satisfied with the developing relations of cooperation between the two countries. In the international arena, he underlined, China and Mexico coordinate with and support each other mutually since their positions and views with respect to important international problems are identical or similar.

The Mexican diplomats, describing the talks of the past two days as fruitful, expressed the hope that the bilateral relations be furthered. They also expressed their gratitude to China for its support to the Contadora Group and for its just position towards Central American problems.

Arrives in Cuba

OW100718 Beijing XINHUA in English 0652 GMT 10 Jul 86

[Text] Havana, July 9 (XINHUA) -- The Chinese vice-minister of Foreign Affairs, Zhu Qizhen, arrived here this afternoon on a four-day official visit to Cuba at the invitation of the Cuban Ministry of Foreign Affairs.

This is the first official visit made by a Chinese vice-minister of foreign affairs to Cuba in the last 20 years.

ECONOMIST SAYS RENMINBI DEVALUATION 'GOOD THING'

HK091000 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0416 GMT 9 Jul 86

[Report: "Well-Known Qian Jiaju on Renminbi Devaluation as a Good Thing"]

[Text] Beijing, 9 Jul (ZHONGGUO XINWEN SHE) -- Well-known economist Qian Jiaju believes that China's initiative to readjust the renminbi [RMB] exchange rate is a good thing. This is a decisive measure by the relevant authorities in light of changes in domestic and international market price conditions.

Qian Jiaju was giving this reporter his view on the 15.8 percent devaluation of the RMB announced on 5 July. He said that for a long time, the RMB was overvaluated against foreign currencies, the official rate being incompatible with the actual worth of the RMB. The country is now revising commodity prices in a reform. It of course also wants to gradually solve the problem of overvaluation, where the foreign exchange market is concerned.

Since early last year, the RMB all along showed a trend toward depreciation. Qian Jiaju said that the substantial devlaution of the RMB this time was of course unexpected. It gave expression to China's determination to improve foreign trade conditions and stimulate enterprise competitiveness and reform.

Qian Jiaju stressed that a reduced foreign exchange rate has the effect of restraining imports and promoting exports and helps in overcoming an unfavorable trade balance. He said that China had for consecutive years shown a foreign trade deficit, the most serious being last year. According to trade statistics by the Ministry of Foreign Economic Relations and Trade, the deficit reached U.S. $7.6 billion. Despite improvemenmt in the first part of this year things have not been optimistic.

Qian Jiaju also said: Why has there been a foreign exchange black market? This is also because of the irrational exchange rate of the RMB. This has caused a gap between the foreign exchange certificate and the RMB. In Guangdong Province, this price difference is at least 1 to 1.4. This economist, who has all along keenly advocated the abolition of the foreign exchange certificate, said: Of course, after a great depreciation in the value of the RMB, it remains to be seen whether there will be a drop in the black market price. But it will help in abolishing the foreign exchange certificate at the next stage.

Qian Jiaju considers that the rapid reaction of the Hong Kong and foreign press to the devaluation of the RMB is normal. What surprises him is that the mainland press has been so slow in reacting to such a major economic change. Some economic journals have even said nothing about it.

RENMIN RIBAO ON DIRECTOR'S RIGHT TO USE PERSONNEL

HK091324 Beijing RENMIN RIBAO in Chinese 8 Jul 86 p 1

["Commentator's article: "Guarantee the Plant Director's Right To Use Personnel"]

[Text] In enterprises in which the system of factory directors assuming all-round responsibility is implemented, the directors have the power to appoint and remove intermediate-level administrative personnel. [paragraph continues]

This is a major reform in the leadership system in China's enterprises. A correct view on and the ensurance of such power of enterprise directors is an important question in implementing the system of factory directors assuming all-round responsibility.

In enterprises in which the system of factory directors assuming all-round responsibility is implemented, the power to use personnel is essential. An important characteristic of modern enterprise management is the combination of responsibility and power. An enterprise director is the legalis homo representative, who bears entire responsibility for the command, operation, and management in the production of the enterprise. Hence, he must have authority, including the power in using personnel. The director has the power to appoint and remove intermediate-level administrative cadres based on the needs of production, operation, and management. Only then will it be possible to establish a powerful and highly efficient system of command, operation, and management in production, in order to realize efficient leadership in production operation and management. Since the system of factory directors assuming all-round responsibility was implemented in some enterprises on a trial basis, it has been proved that when the director has the power to use personnel, it is possible for him to make his command work, the decision making prompt, and to achieve high efficiency in handling affairs, which has promoted production development and improved economic results.

In China, the implementation of the principle of the party's control over cadres is correct. However, the party's control over cadres does not mean that the appointment and removal of all cadres should be directly conducted by party organizations. A kernel question in the reform of the leading body in enterprises is precisely to change the condition of making no separation between party and government, with the party taking the place of the government in economic activities. In his report delivered to the CPC 12th National Congress, Comrade Hu Yaobang pointed out: "There must be appropriate division of labor between party and government work, and between party work and administration and production in enterprises. The party is not the power organization to issue orders to the masses, nor is it an administrative or production organization." This is an important principle guiding the reform of the leading body in enterprises. Such a practice will be favorable to the production and operational activities of the enterprise, as well as strengthening the party work in enterprises. As leadership of the administrative system of the enterprises, a factory director certainly has the power to determine the appointment and removal of subordinates. Without this power to appoint or remove subordinate administrative cadres, it would be unfavorable to both the production and the operation and management of the enterprise. This has been repeatedly proved in practice.

The director must have necessary power to use personnel, but this does not mean that the director can act arbitrarily and abuse his power. The director should use his personnel strictly according to the party's cadre policy and the criteria for cadres. In making an important decision concerning personnel, he should consult with the party committee and attend to the masses' opinions; however, the director must have the decision-making power in the appointment and removal of personnel. Of course, establishing sytems to ensure the necessary supervision of the party organization, congress of representatives of workers and staff, and administrative organs at a higher level is also very important. Based on the investigations of some provinces and cities on the enterprises in which the system of factory directors assuming all-round responsibility has been implemented, the overwhelming majority of intermediate-level administrative cadres appointed by directors is very good, and competent in their work. [paragraph continues]

Some individuals are inappropriately appointed, which is not because of directors abusing their power, appointing people by favoritism, but out of neglecting their supervisory duties. Such conditions are sometimes entirely unavoidable with party committees directly appointing cadres. Therefore, the correct view on and ensurance of directors' power in using personnel are necessary, and we should believe that the overwhelming majority of enterprise directors will correctly use this power and work hard to run the enterprises well.

RENMIN RIBAO URGES CADRES TO ABIDE BY LAW

HK090242 Beijing RENMIN RIBAO in Chinese 9 Jul 86 p 2

[Commentator's article: "Office Cadres Must All the More Abide by Law"]

[Text] Five culprits involved in another major case of giving and accepting bribes and harboring stolen goods were sentenced in Shanghai according to the law. Yu Tiemin, the chief culprit, was sentenced to life imprisonment for taking more than 30,000 yuan in bribes.

As the deputy director of the general office of the Shanghai Municipal CPC Committee, Yu Tiemin should have been more aware of party discipline and state law than anybody else. However, blinded by the lust for gain, he went so far as to defy party discipline and state law, and repeatedly abused his position and powers and misused the names of leading officials to pursue private interests at public expense in violation of the law, thus producing very harmful political repercussions. He served the severe punishment by the law.

People are surely given much food for thought on why a party-member cadres, who had assumed a relatively important post in a leading organ and worked directly under senior leaders over a long period of time, degenerated into an economic criminal.

Throughout the party and government are functionaries who as assistants to major leaders shoulder important tasks and are trusted by the leaders and respected by comrades of offices at lower levels, although these functionaries are not principal leading cadres. It is precisely because of this that people in such positions should pay special attention to their conduct; otherwise they will forget where they are and overstep their authority in violation of discipline. A few individuals will even break the law and degenerate into criminals. The cases of Yu Tiemin and others show that there are criminals who, in order to realize an evil objective, try to use those working directly under major leaders. They do succeed sometimes. This is a problem that merits our vigilance.

Needless to say, Yu Tiemin and other corrupt officials are, after all, a small minority in the party and the government. The overwhelming majority of office cadres have ideals, abide by law, work hard and conscientiously, and are willing to remain unsung heroes. They have performed meritorious services for the undertakings of the party and the people, and contributed to smooth progress of senior leaders' work and leading organs' effective operations. However, it should also be pointed out that bureaucracy, abuse of power to acquire private gains, unprincipled behavior, liberalization, and other unhealthy trends are popular among office cadres, and they should be prevented or eliminated. [paragraph continues]

These unhealthy practices may not be crimes, but the gap between them and crime is no impassable chasm. One ant hole may cause the collapse of a thousand-li dyke." Only by continuously strengthening our party spirit and taking the initiative to discover and block the "ant hole" can we be in an invincible position.

Another lesson to be drawn from the Yu Tiemin case is that major leaders should set strict demands on functionaries, especially those who work for them. Generally speaking, comrades selected to work directly under major leaders are reliable and outstanding and should be fully trusted and allowed freedom to do their jobs. However, as they are not living in a purified environment, they may be influenced by all kinds of unhealthy trends and change their thinking sometimes. Therefore, they should be carefully supervised. A vital part, if it loses vigilance, may become the weakest link. This is a lesson drawn from many bitter experiences in modern or ancient times, in China or elsewhere, and it should serve as a warning to us.

GUANGZHOU RAILWAY BUREAU REFORMS REPORTED

HK090827 Beijing RENMIN RIBAO in Chinese 3 Jul 86 p 2

[Newsletter by reporters Lin Xi and Liu Guosheng: "Upholding Healthy Practices for the Sake of Reform -- An Account of Reforms Conducted by the Guangzhou Railway Bureau"]

[Excerpts] Censure, and even slander and frame-up, always come along with reform. However, in the Guangzhou Railway Bureau, we have seen an encouraging case: Braving censure, the cadres and staff members of this bureau have justly and forcefully carried out reform. They have not only managed to keep the momentum of reform but also achieved great success every year.

Old Conventions Cannot Be Taken as Infallible Laws

In 1982, the Guangzhou Railway Bureau set to rectifying its subordinate enterprises in accordance with the plan drawn up by the CPC Central Committee and the Ministry of Railways. In the course of rectification, the bureau has introduced a series of package reforms relating to the leadership structure, the management orientation, the distribution system, the cadre system, the labor organization, and the capital construction structure.

One of the long-standing major problems with regard to railway transport is the contradiction between the transport capacity and the freight volume. [passage omitted]

In April 1981, during his inspection of the railway bureau, Comrade Wan Li called for a change in this situation, demanding that the annual freight volume of the Hengyang-Guangzhou section of the Beijing-Guangzhou railway be raised by two million tons in 3 years. For a long time the railway transport setup had been placing undue emphasis on production output but ignored management efficiency. The Guangzhou bureau decided to make a breakthrough in the pure production mode and adopt the mode of integration of production and service management, since only the latter mode can really raise transport capacity. However, all the rules and regulations governing the operation of the railway transport setup were established by the higher authorities, and "shift from one mode to another" can hardly be effected without authorization by a "red headered document." [paragraph continues]

Yang Qihua, a tall northeastern native who has worked on the railway transport front since he was young, believed that it was a good idea to break the old conventions that fetter the development of railway transportation, tap the potential of the railway transport setup, and seek self-development. So he worked together with all the cadres of the bureau to find a new path. [passage omitted]

The reforms initiated by the Guangzhou bureau were applauded like wonderful opera acts. But there were also a lot of disputes: Is it right to set the rotation volume of freight transportation as a goal? Who will be held responsible if there is an accident under the shift duty system? Is it suitable for railway transport units to implement the system of taking full responsibility for profits and losses? And, is the operation of shopping arcades and hotels a proper duty for a railway station?

The leading cadres of the Guangzhou bureau held that the only criterion to judge whether a measure is correct is that it must be able to help to develop productive forces and raise the social economic results. One should boldly adopt any measure which meets this criterion.

Rumors and Slander Are Nothing To Be Afraid Of

Censures and slander on the reform are always directed first at the leading cadres.

In order to break the "life tenure system" for cadres, the Guangzhou bureau decided that from late 1982 onward, all over-age cadres at bureau level should withdraw to the second and third lines. Now, except for some individuals remaining in office with the special permission of the higher authorities, all other cadres at all levels have to retire as soon as they reach retirement age. Such a practice has already become the normal system.

However, acute contradictions have arisen from such highly sensitive issues as those relating to the system of administration over cadres and the system of staff appointments. The Guangzhou bureau has forsaken the old practice where the cadre department exercises unified administration over cadres, and has separated the administration over administrative and technical cadres from that over cadres in charge of party affairs and the work dealing with the masses, with a view to more efficiently selecting and appointing cadres with both ability and political integrity. Now the railway bureau and all its sub-bureaus have abolished their cadre departments (sections) but set up personnel offices (sections) to take care of administrative and technical cadres, while the cadres in charge of party affairs and dealing with the masses are administered by the organizational department of the party committee. At the same time, the power of administration over cadres has been delegated to lower levels. [passage omitted]

So far the Guangzhou Railway Bureau has selected and appointed more than 700 young and middle-aged cadres to take up leading posts at all levels in accordance with the party's line government organizational work and the criteria for staff appointment for the new period. As a result, both the structure and quality of the bureau's cadres' contingent have been substantially improved. However, some people have spread rumors and slander, saying that "Bureau Chief yang is forming a clique." Yang Qihua openly declared: "What do you mean by forming a clique? I will continue to draw into my 'clique' whoever can make contributions to the 'four modernizations'!"

Never Flinch From Slanders

While the Guangzhou bureau was actively promoting reform, a leading cadre at the bureau level who had withdrawn to the second line wrote a letter to the CPC Central Committee purely to attack Yang Qihua. To be sure, it is every CPC member's legitimate right to report the situation to his superior or even directly to the CPC Central Committee. But joint investigations conducted by several superior departments show that the so-called "problems in seven aspects" reported by that cadre were sheer fabrication! [passage omitted]

Reform is by no means an easy job, and carrying on reform in the face of censure, slanders, and frame-ups is still more difficult. Now the central department in charge and the Guangdong Provincial CPC Committee have clarified the truth of the matter: Yang Qihua is innocent and the spirit he has shown in boldly enforcing the reform is admirable. [passage omitted]

Commentator's Article

HK090829 Beijing RENMIN RIBAO in Chinese 3 Jul 86 p 2

[Commentator's article: "Reform Can Hardly Be Promoted When Right Is Confounded With Wrong"]

[Text] Some people say: "Carrying out a reform is even harder than climbing to heaven." They may have somewhat exaggerated the difficulty, but undoubtedly there is reason in what they say. However, despite the difficulties, there are still a lot of people trying to climb to heaven. They are people who are steadfastly, bravely, and vigorously enforcing reform. Only through steadfast and dauntless efforts can one constantly make progress in reform and achieve success. This is the inspiration we have drawn from the Guangzhou Railway Bureau's experience in reform.

Like other units, the Guangzhou Railway Bureau has carried out its reform in eliminating "leftist" influences. No reform in the world is free of obstacles. The important point is one's attitude toward the difficulties and obstacles in reform. If one stops at the sight of a "red light," gets nervous when a "yellow card" is shown, and feels frustrated when hearing "complaints," one can hardly succeed in reform. The reason the comrades of the Guangzhou Railway Bureau are admirable is because they have shown their courage and insight in upholding correct principles and persisting in reform, and have acted as strong men in reform. Why do they have their courage and insight? It is because, on the one hand they have a thorough understanding of the principles and policies of the reform laid down by the central authorities, as well as the actual situation in their own enterprises. On the other hand, they have been brave enough to ignore personal gain or loss, and farsighted enough to see the developing trend of things. Therefore they can have a firm faith in reform under all circumstances.

"Success invites censure and those with moral integrity are liable to slanders." This is one of the outstanding problems with which some units undergoing reform are currently faced. While onlookers are making wanton and indiscreet remarks and nitpicking, our men of action are under attack. In consequence, many reformers have "fallen from the horse's back." The Guangzhou Railway Bureau's experience shows us that a reform leader needs a sober mind and indomitable willpower so that he can distinguish right from wrong in the face of censures, be brave and skillful in surmounting obstacles, and gain the initiative.

What is more, they have fortunately achieved success in reform because departments in charge at the higher level have given no credence to slanders, but have taken the whole situation of the reform into consideration and made a clear distinction between right and wrong in light of in-depth and meticulous investigations, upheld justice, and supported the reform.

At present, many localities and units are carrying on the reform through compromise. This is because the leading people there do not want to concern themselves with censures and slanders against reform in their own units or in their subordinate units; or they just blame both sides of the disputes without discrimination; or they just do not want to declare where they stand although the truth of the matter has been clarified. Such an irresponsible attitude will do nothing but further encourage evil tendencies. In the course of the present reform, the prime duty of our leading departments is to distinguish clearly between right and wrong. And the only ultimate criterion to distinguish between right and wrong is to see whether a matter can help to expedite the development of social productive forces.

We must be brave in exposing and opposing all rumors and slanders against reform. And slanderers are subject to criticism and education in minor cases and to penalty by law in serious cases. Only by firmly supporting reform, skillfully distinguishing between the principal and secondary aspects of reform, and enthusiastically preserving the reformers' initiative, can we create a favorable environment for reform, and thus enable a large number of progressives emerging in the reform to go all out with their righteous cause.

PAPER VIEWS IMPLEMENTATION OF PARTY POLICIES

HK271235 Wuhan CHANGJIANG RIBAO in Chinese 17 Jun 86 p 1

[Commentator's article: "What Is Meant by True Implementation of the Party's Policies?"]

[Text] On 4 April, this paper carried a commentator's article entitled "It Is Necessary To Adhere to the System in Which the Director Assumes Full Responsibility." Soon after this, one of our readers wrote to criticize the article for going against what the party Central Committee requires of us. The letter pointed out: The "circular" issued by the party Central Committee with regard to the promotion of cadres stipulates that "promotion of cadres must be collectively discussed and decided on by all members of the party committee and should not be decided by some individuals. However, your commentator's article advocates that in enterprises where the system in which the director assumes full responsibility is introduced on a trial basis, the director has the right to appoint or dismiss middle-level cadres. The motives of the comrade who wrote the letter are not bad. However, he failed to understand the central document in an all-round way and neglected another stipulation in the "circular" that enterprises which are selected to stage an experiment in reforming their leading system can use the circular for reference. Using it for reference does not mean acting strictly according to it. In regard to some people who often mechanically call for acting in accordance with regulations, we think it is necessary to put forward a question: What exactly is meant by true implementation of the party's policies and by maintaining political and ideological unity with the party Central Committee?

Some comrades believe that to maintain political and ideological unity with the party Central Committee, they must copy "classified documents" word for word, proceed in everything from documents not from actual conditions, and do everything "in view of the above." Whatever they do, these people usually ask whether what do they is specified in "classified documents." They accept "classified documents" blindly, mechanically and dogmatically, and then in a manner of pinching the foot rather than changing the shoe. They adapt their outdated conventional ideas to actual conditions. As a result, they usually take a one-sided approach to the party's policies and cannot unswervingly implement them. Whenever they do or say something, they must first think about "where the instructions come from" and see where the "wind" comes from. They dare not say anything beyond what the higher authorities have said and they dare not do anything beyond what are specified in documents. Consequently, they can do nothing useful. Such "unity" with the party Central Committee is nothing but formal unity. This is just a shoddy sketch which is similar in appearance not in essence.

To really maintain political and ideological unity with the party Central Committee, on the one hand, we must grasp the spirit of "classified documents" and understand well the essence of the central principles and policies; on the other, we must conduct a careful investigation and study of actual conditions. Only by so doing will we be able to work in a creative way. Ours is a socialist country which has a vast territory and a very large population. Therefore, highly concerted action provides a guarantee for victory. However, when we stress concerted action, we should in no way ignore creativeness. Under the guidance of the central principles and policies, at present we should particularly encourage people to have the spirit of daring to think, assume responsibility, conduct explorations, and blaze new trails.

Reform is a mass undertaking of making explorations and blazing new trails. In the execution of the reform, we are often confronted with unexpected new problems. Our country is vast in territory and the situation varies from area to area and from department to department. It is therefore impossible for the central authorities to specify everything in too much detail. To speed up reform, we should depend on the enthusiasm, initiative, and creativeness of vast numbers of cadres and people. The central policies sum up the actual conditions in various parts of our country. They are highly principled and are of universal guiding significance. To iron out specific problems appearing in different localities and departments in accordance with these policies, we must know how to combine general calls for action with specific guidance. All specific policies are limited by time. They must be tested in practice and develop with the development of objective reality. When we make bold explorations according to actual conditions, instead of violating the central policies, we will contribute to enrich them.

Implementing the central policies creatively is fundamentally different in nature from the practice of "adopting countermeasures against the central policies." In saying implementing the central policies in a creative way, we mean that we must realistically apply the central instructions to different localities, departments, and units by proceeding in everything from actual conditions there, so as to devise solutions to problems and promote the progress of reform and economic construction. However, the practice of "adopting countermeasures against the central policies" is entirely different. It proceeds from departmental selfishness and the interests of individuals and small groups, violates the party's policies, and hinders or even damages the development of the productive forces. The political and theoretical levels of cadres have a direct bearing on the implementation of the party's policies.

Therefore, cadres should enhance their understanding of theories, use the basic Marxist stand, viewpoint, and method to understand the theoretical basis on which the party's general principles and policies are formulated, and understand the concretive objectives of all specific policies, of their scope of application, and their mutual connections. Only by so doing will they be able to have a complete and correct understanding of the central policies and work in a creative way.

ECONOMIC LAW SOCIETY TRAINS MORE PEOPLE

OW071932 Beijing XINHUA in English 1734 GMT 7 Jul 86

[Text] Beijing, July 9 (XINHUA) -- The training center of the Chinese Economic Law Society has trained in the past two years about 450 people for provincial and municipal governments, banks, enterprises and universities.

Addressing the closing ceremony of the third training class, Sun Yaming, vice-president of the society, said that the purpose of the class has been to train people well versed in economic laws to meet the needs of the ongoing economic reform in China.

He said students from the previous two classes reported what they had studied here was very useful to their work.

Teacher Sun Guohua, an associate law professor from the Chinese People's University, pointed out that Deng Xiaoping's remark "economic construction and law must go hand in hand" is essential.

Spread of economic law, he noted, "is not intended to bind the people hand and foot, but to teach them to use the weapon to protect their own interests."

Last Thursday, the professor gave a lecture to members of the Secretariat of the Chinese Communist Party Central Committee, and discussed some issues involved in economic legislation with them.

He pointed out that different laws must be correlated with one another so that the existing problems can be solved more reasonably.

The four-month training class run by the Chinese Economic law society offered courses on civil and economic laws.

At present, training classes on economic law have also been sponsored by many departments.

CRIME, DIVORCE UP AMONG PRIVATE ENTREPRENEURS

HK100453 Beijing CHINA DAILY in English 10 Jul 86 p 3

[Text] Crimes by private entrepreneurs have increased over the past two years, and divorce cases among them have also gone up, the Chinese press reported.

Last year, 395 people who owned or ran small businesses in Shanghai were sentenced to prison or reeducation camps for various offences, SOCIETY NEWS (WEN HUI BAO) reported.

The figure was double the number of offenders among private entrepreneurs in the city in 1984, the paper said.

Their convictions were mainly for stealing state or private property, evading taxes, threatening customers and buying and selling stolen goods, the paper said.

A police station in Shanghai confiscated the fake products of nearly 100 private businesses last year. One entrepreneur at Fuminlu Market evaded 10,000 yuan in taxes and another stole scrap from State-owned factories to earn an illegal profit of more than 20,000 yuan by reselling them to profiteers, the paper said.

The increasing divorce rate among the self-employed was revealed by an investigation in a Wuhan City district where many people run their own businesses.

In 1983, the district saw 20 divorces among private entrepreneurs. There were 64 in 1984 and 144 in 1985 -- the rate more than doubling each year, the WEN HUI BAO newspaper said.

The paper said the increase occurred because after families got money, husbands and wives argued over it. "With their social contacts widened because of their businesses, some became involved with 'third parties' and such involvements have led to divorces," the paper said.

China has permitted private business since the late 1970s.

EDUCATION OFFICIAL INTERVIEWED ON STUDY ABROAD

OW090801 Beijing XINHUA Domestic Service in Chinese 1118 GMT 7 Jul 86

[Excerpts] Beijing, 7 Jul (XINHUA) -- Recently the news media has received quite a number of readers' letters asking questions about studying abroad. To find answers to these questions, reporters from XINHUA and ZHONGGUO JIAOYU BAO [CHINA EDUCATION NEWS] called on and had an interview with a responsible person of the State Education Commission.

Question: Some people say that our country will send fewer people to study abroad. Is that true?

Answer: No, it is just the contrary. From now on, our country is expected to send more rather than less people to study abroad. In the first place, the total number of personnel sent to study abroad at state expense during the Seventh 5-Year Plan period will remain by and large at the present level, while more personnel will be dispatched by various localities, departments, and units, using their own funds to financially support these personnel in their study abroad; there will also be more personnel sent to foreign countries under student-exchange programs compared with present. Second, with the expanded exchange with foreign countries, more people will be selected in a planned way and sent to study and receive scholarships, education loans, and other kinds of aid as their financial support. They include those personnel selected and sent abroad by the state and various localities and units as well as individuals studying in foreign countries with the concurrence of their respective units.

Question: The State Education Commission has stressed the need to implement the principle of dispatching personnel to study abroad according to needs. What are the specific measures in this regard?

Answer: We are prepared to adopt five specific measures: First, we will strengthen macro-guidance. That is, we will send more people abroad to study the applied disciplines urgently needed in our country's four-modernizations program as well as those disciplines that are new or are still lacking in our country. On the other hand, fewer people will be sent to study in those fields that are already rather developed in our country. In addition, emphasis will be put on sending out visiting scholars and personnel going abroad for further study. Second, we will gradually cut down on the number of college graduates going abroad to study for master's degrees, while increasing the number of those going abroad to study for doctoral degrees after obtaining master's degrees at home. In the meantime, efforts will be made to open up avenues for our higher educational institutions and scientific research units to cooperate with their counterparts in foreign countries to jointly train Chinese doctors. Third, the present regulations governing the selection of students for postgraduate study abroad will be changed. Beginning this year, most of the quotas for government-sponsored students engaged in postgraduate studies abroad will be allocated to those units that are in need of more trained personnel. These units will select personnel to be sent out for postgraduate studies according to state construction needs and their own requirements. Fourth, when a unit sends personnel to study abroad, it should take into consideration the use of their services when they return home and should provide conditions for using their services in a timely manner. Fifth, more efforts will be made to guide and control the dispatch of students studying abroad not at state expense (including those so-called "self-financed but government-dispatched students" in the past) so that their selection and dispatch will conform with state requirements, meet certain goals, and are carried out in a planned way. [passage omitted]

Question: What are the state's new rules for people studying abroad at their own expense?

Answer: Allowing people to study abroad at their own expense is another way to train competent personnel. The state will continue to support this. Those studying abroad at their own expense and government-sponsored students studying abroad will politically be given equal treatment and will receive the same solicitude and care.

Those who have a reliable guarantee of financial support by their relatives either at home or abroad and who have obtained admission to a school may apply to their respective units for permission to go abroad. In the case of graduating students of higher educational institutions and incumbent personnel, however, their applications must first be examined and approved by their respective institutions or units and then submitted to the competent authorities for final approval. In general, graduate-school students cannot apply for permission to go abroad to study at their own expense. [passage omitted]

Question: Recently it has been said that people who want to study abroad are required to pay a 20,000-yuan education and training fee to the state as a deposit before they are allowed to go abroad. Has the State Education Commission set any such stipulation?

Answer: There is no such stipulation. [passage omitted]

Question: What is the State Education Commission's attitude on "postdoctoral" studies carried out by those sent to study abroad?

Answer: First, we have to make clear two points: One, "postdoctoral" studies are aimed at achieving a higher academic degree. Two, we have never opposed any "postdoctoral" studies. The ultimate purpose of "postdoctoral" studies is to help develop domestic science and technology. From this viewpoint, we require our postgraduate students who have obtained doctoral degrees abroad to come back first and work for some time at "postdoctoral" personnel service stations or educational or scientific research units at home and then go abroad again for further studies according to need. This will enable them to better coordinate their studies abroad with the needs at home. [passage omitted]

Question: What are the new regulations governing visits to students studying abroad by their spouses?

Answer: Personnel studying abroad and visiting scholars sent by the government stay only for a relatively short period in a foreign country, usually 1 or 2 years. In view of the current actual situation in our country and domestic regulations on travel to visit relatives abroad, their spouses are generally not permitted to go abroad to visit them.

As for government-sponsored postgraduate students who will study for a relatively long period abroad (over 3 years, for example), we encourage them to come back for a vacation. The state has established a system allowing such students to return home for a vacation at government expense after staying 1 year and a half or 2 years abroad. If their spouses wish to go abroad to see them on a short visit and if there are guaranteed sources of funds to cover expenses abroad, the spouses may file an application for permission to travel abroad. The application may be approved provided that the spouses' work units agree to grant them leave and arrangements have been made so that work will not be affected by their absence. They will continue to receive wages while they are away if their absence is within the approved period of level for visiting relatives abroad.

Another point we must bring up is that in the past some people have left their work posts and gone abroad for the so-called purpose of accompanying their spouses to study. This practice is unacceptable.

CIRCULAR ON HIRING COLLEGE GRADUATES FOR JOBS

OW081306 Beijing XINHUA Domestic Service in Chinese 1032 GMT 7 Jul 86

[Excerpts] Beijing, 7 Jul (XINHUA) -- The State Education Commission, the Ministry of Public Security and the Ministry of Commerce recently issued a joint circular, calling on the various localities and departments concerned to resolutely refrain from hiring graduates or postgraduate students of institutions of higher learning who already have been given job assignments by the state.

The circular said: In recent years, some localities and basic-level personnel departments have wilfully hired graduates and post graduate students of institutions of higher learning who already have been given job assignments according to the state plan. Some of these localities and departments say: No household registration is required, and no permit for the purchases of food grain is needed. Personnel references, job assignment certificates, or party or CYL affiliations are also not required. Some of them even offer better pay and living conditions to attract college graduates who already have been assigned by the state to work in other units.

Still more serious is the fact that these activities to illegally hire college graduates are being carried out in the name of local governments or enterprises. These activities seriously interfere with the practice of assigning jobs to college graduates according to the state plan; they must be resolutely stopped.

The circular pointed out: Those departments in charge of making job assignments to college graduates in various provinces, autonomous regions, and municipalities directly under the central authorities must issue "work assignment certificates for graduates from institutions of higher learning" when then assign a college graduate a job according to the unified state plan. Those units that do the hiring must ensure that the college graduates they accept have such certificates in their possession. The public security organs and grain departments in the various localities will help the college graduates in applying for permits for the purchase of food grain on the basis of the job assignment certificate issued by the department in charge in the locality where the college is located, the certificate issued by the unit receiving the college graduate, and the permit for changing one's residence from one place to another. All certificates will be considered as void in accepting a college graduate or applying for a permit for the purchase of food grain on a household basis if the name of the designated unit on the job assignment certificate differs from that of the unit that has actually accepted the college graduate, or if the certificates are issued by units other than those authorized to do so.

ROLE OF COASTAL OPEN CITIES, AREAS STRESSED

HK090927 Beijing JINGJIXUE ZHOUBAO in Chinese 22 Jun 86 p 8

[Article by Lin Wenyi: "A Brief Talk on the Market and Commerce in the Coastal Open Cities and Areas"]

[Text] Following the setting up of the 4 special economic zones in our country, 14 port cities and some coastal areas have also been opened to the outside world. Why should these cities and areas be opened up? What are the differences between them and other cities and areas? What changes will take place in the market and commerce in these cities and areas? What should we do to expand the market and commerce in these cities and areas? These questions must be answered through practice. In running the special economic zones, we have achieved considerable experience through practice and made repeated explorations from the theory angle. The 14 port cities and some coastal areas were recently opened to the outside world, therefore, we have to accumulate more experience through serious explorations from these cities and areas.

1. Opening Port Cities and Coastal Areas to the Outside World Is a Measure To Further Implement the Opening Up Policy.

Opening port cities and coastal areas to the outside world is not an expedient measure but a measure to further implement the opening up policy. This means that to carry out the policy of opening to the outside world, the four special economic zones are not sufficient. To meet the needs of economic construction and development, ensure the impeded progress of reform of the economic structure, and particularly to increase exports, use foreign capital, and import advanced foreign technology and management knowledge that suit our country's actual conditions, it is necessary to open up coastal cities and areas which can establish extensive economic ties with other countries.

The four special economic zones are close to Hong Kong and Macao and adjacent to Southeast Asian countries, but they are located in part of Guangdong and Fujian provinces. Geographically, they cannot meet the needs of opening our country to the outside world after all. These open cities and areas, which range from Guangxi in the south to Liaoning in the north and extend all over the coastal provinces of our country, have close and extensive economic ties with the developing eastern and western parts of our country. They are well developed economic centres and have great capacity for export. They have wide external relations by virtue of their favorable harbor facilities. With these cities open, our country will be able to open up widely to the outside world.

"Opening up to the outside world and invigorating the domestic economy" is a long-term, basic national policy and major strategic principle formulated since the 3d plenum of the 11th CPC Central Committee for building socialism and the four modernizations. Viewed from Chinese history, we may see that opening up to the outside world is an important sign of power and prosperity for a dynasty of our country. For example, the Tang Dynasty was a very powerful feudal dynasty, just because it opened up widely to the outside world, and the Qing Dynasty was weak and corrupted only because it closed the country to international intercourse. In the present age, all countries in the world must have wider external relations because of close economic ties among them and the vigorous development of high technology and socialized production. Whether to open up to the outside world or not is a matter of great importance which is related to the rise or decline of our country and has a bearing on the effort to gradually enhance the level of our country's productive forces to the world advanced level. We have no alternative but to open up to the outside world. This is our basic national policy and we should not adopt a casual attitude toward it but should carry it out conscientiously and creatively. To achieve it, we must open up more cities and areas along our country's coast to the outside world.

2. The Difference and Links Between the Coastal Open Cities and Areas, and the Special Ecnonomic Zones in the Fields of Market and Commerce

The special economic zones are a common sight in international economic intercourse. In order to promote foreign trade and absorb foreign capital and modern technology, some countries or regions specially designate a part of their land with good transport services to create a favorable investment climate and provide preferential conditions for production, management and allocation of profits such as reduction of and exemption from customs duties and special measures to manage harbours and urban administrations. Such special economic zones differ in name such as free trade zones, free ports, export processing industrial zones, export processing industrial villages, or border free zones. However, in our country they are often referred to as the special economic zones.

In terms of opening up to the outside world, there is no difference between the open cities and areas, and the special economic zones. This means that on the premise of adopting some special policies and administrative measures, they all manage to establish wide external economic connections, promote foreign trade, and absorb foreign capital and modern technology. However, differences only arise in the flexibility of these special policies and administrative measures. The special economic zones afford every convenience to foreign investment captial.

While safeguarding the independence and sovereignty of a socialist country and sticking to the socialist legal system, they absorb and use foreign investment capital by means of their natural resources, labor force and preferential economic policies. Their economy is basically of the nature of state capitalism because they carry our socialist economic construction by using mainly foreign captial under state supervision and readjustment. However, in the open cities and areas, the socialist economy still predominates, but state capitalism takes up a greater proportion there than in the cities and areas which do not open up to the outside world. The open cities and areas do not relay on foreign investment capital in economic construction as much as the special economic zones do, but wide relations are established with the outside world, not only in the fields of industry and commerce in urban areas, but also in the agricultural production field in rural areas.

We have now opened 14 port cities such a Guangzhou and Shanghai, as well as Hainan Island, the Zhujiang Delta, the Changjiang Delta and a triangular area in the southern part of Fujian Province. Later, we may open up the Liaodong and Jiaodong Peninsulas to the outside world too. In terms of opening to the outside world, there is no differenoe between the open cities and areas, and the special economic zones. There is only a difference in the flexibility of policies. Since it is so, the open cities and areas can use the experience of the special economic zones for reference. We cannot say that there is nothing in their experience which is useful for the open cities and areas only because the special economic zones give first place to state capitalism while the open cities and areas give priority to the socialist economy. As a matter of fact, in strengthening foreign economic relations, the open cities and areas will certainly increase the factor of state capitalism in their economy, and they should use the experience of the special economic zones for reference in absorbing foreign capital and technology.

The special economic zones take up a large proportion of state capitalism in their economic structure, industry, and import and export trade. Therefore state capitalism manifests itself prominently in the market of the means of production and in commerce. This is the main point which distinguishes between special economic zones and open cities and areas. However, there is no big difference between them in their market and commerce in consumer goods. Therefore, the open cities and areas should not mechanically copy the methods adopted by the special economic zones in the market and commerce of the means of production. As a matter of fact, the open cities and areas depend mainly on planned circulation and supply by state commerce (the material supply system) in the means of production. Of course, they can still use the experience of the special economic zones for reference in the means of production relating to the import of foreign capital and technology. With regard to the market and commerce of consumer goods, they certainly can learn a lot from the special economic zones, but should not copy mechanically and apply indiscriminately, because the special economic zones carry out some special policies and managerial methods which are not applicable in the open cities and areas and the former open their door more widely than the latter. In terms of market, both take state commerce as the main force, encourage different economic sectors and forces to coexist and compete with each other, arrange commodity circulation in a coordinated way, lay stress on exports, give full play to market mechanism, and apply the system of floating prices for the daily necessities and the system of free prices for many kinds of consumer goods. However, the market in the special economic zones is much more competitive and is mainly export-oriented and the system of free prices is applied to the greater part of consumer goods.

Therefore, the experience of how to strengthen control of macroeconomic activities under such circumstances can be used for reference in the open cities and areas. With regard to commerce, both the special economic zones and the open cities and areas encourage competition, lay emphasis on exports, and give full play to market mechanism. Enterprises in the special economic zones are much more independent in commercial business, assume sole responsibility for their profits or losses more extensively and their methods of business are more flexible. Moreover, in the special economic zones. There are more associations and group companies which are established on the lateral economic basis; there are no bounds between domestic and foreign trade; many enterprises account their costs on the basis of foreign exchange; enterprise business is much more affected by world market prices; and good foreign experience in enterprise management is widely cited. All this is also useful as references for the open cities and areas in their commercial activities.

3. How Do the Open Cities and Areas Act on Other Areas of Our Country in the Field of Market and Commerce?

China has opened the special economic zones as well as the 14 port cities and some coastal areas to the outside world. The opening up policy is an established national policy of our country. Since it is so, we will certainly open up our whole country to the outside world. This should not be done overnight but should be done step by step. The special economic zones, the 14 open cities and some coastal open areas have constituted an open economic belt along the coast of our country. This open economic belt will certainly play an experimental, guiding and exemplary role for the central and western parts of our country, which will open to the outside world later. This means that the open economic belt can furnish useful experience to the central and western parts of our country in absorbing foreign capital, technology and advanced management method as well as in developing their markets and commerce.

The market in the open cities and areas works as a window, bridge and gangplank toward the outside world. It absorbs foreign capital, modern technology and advanced management methods and uses them to process raw materials from the interior into primary products for export, or it helps the interior to promote their products for export, or it helps the interior to promote their products for export. Practically it works as a link between the domestic and international markets and as a bridge between internal and external economic activities. Moreover, the market in the open cities in particular, plays a pivotal role between the domestic market of our country and world markets in different scopes and degrees. The level of the commodity economy in the coastal open areas, and in particular in the open cities such as Shanghai and Quangzhou, is higher than that of the interior as well as the central and western parts of our country. These open areas and cities play an important role in organizing and coordinating the unified socialist market of our country and in promoting foreign trade and establishing foreign relations so that China will be able to squeeze into world markets and build up a solid base in world economic activities. In order to build socialist modernization, we should not overemphasize one at the expense of the other between home and external resources, between domestic and world markets, and between our own and foreign experiences. To achieve it, we should give full play to the pivotal role of the open cities and areas. A high degree of commodity economy is a prerequisite for socialist modernization and socialized production. Therefore, we should have wide markets. We must first depend on our own unified market and then on the world market. [paragraph continues]

The two markets are closely connected. Without the domestic unified market we can hardly open up the world market and without the world market we can hardly consolidate the domestic unified market. However, in both consolidating the domestic unified market and opening up the world market, we should depend on the open cities and areas, and particularly the open cities which play an active role in enlivening and unifying the market in the interior as well as the central and western parts of our country. The market is the coastal open areas, and particularly in the open cities, should take the market in the interior and in the central and western parts of our country as its hinterland and backup force and help to build the market into a new, open one.

At the same time, the open cities and areas should also play an exemplary role for the interior and the central and western parts of our country in commercial activities such as doing business in a civilized and flexible way, modernizing commercial management, enhancing commercial service to a new level, improving service attitude, raising professional levels and training a large number of professional personnel. In short, we should build up new, open commerce as quickly as possible.

For this reason, the coastal open cities and areas should take a major step forward before others in reforming their market and commercial structure. They should formulate their own special policies in this aspect, build themselves into experimental bases for our economic restructuring, and work as a window and filter in boldly absorbing and using foreign advanced management experiences applicable for our country to develop socialized large-scale production. In short, the coastal open cities and areas should make their due contributions to our economic restructuring through the useful experiences they explore and gain in this respect.

DENG LIQUN INSPECTS ANHUI 5-21 JUNE

OW091101 Hefei ANHUI RIBAO in Chinese 22 Jun 86 p 1

[By reporter Li Chaosheng]

[Text] "Material and spiritual civilization should be promoted simultaneously. Both are indispensable, and neither should be overemphasized at the expense of the other." These remarks were made by Deng Liqun, member of the Secretariat of the CPC Central Committee, during an inspection tour of Anhui from 5 to 21 June.

Comrade Deng Liqun came here primarily to investigate factories, rural villages, schools, stores, neighborhoods, and other grassroots units to find out about the development of socialist spiritual civilization in our province. During his 17-day, 4,000-li tour, Deng Liqun inspected Hefei, Bengbu, Maanshan, and Wuhu Cities as well as Luan, Chuzhou, and Huizhou Prefectures. He was accompanied on separate occasions by Wang Yuzhao, deputy secretary of the Anhui Provincial CPC Committee and governor; Xu Leyi, deputy secretary; and Niu Xiaomei, member of the Standing Committee of the provincial party committee.

In his conversations with the relevant responsible comrades on the trip, Deng Liqun repeatedly used a line from a poem by Lin Zexu to encourage them. The line reads: "I will act in the interest of the country, even if it means death; and never will I act for personal benefit." [paragraph continues]

Comrade Deng Liqun explained: Building socialist spiritual civilization is an undertaking of vital and lasting importance benefitting the country and the people. It is also an arduous task requiring systematic efforts. Leaders at every level should have the country at heart and dedicate themselves to the cause of the party and the people; they should not think about personal interest, worry about personal gains and losses, or try to avoid danger and hardships and pursue confort and fortune.

During his inspection, Deng Liqun explained over and over again the relationship between material and spiritual civilization. Citing numerous cases observed on his tour, he pointed out: Spiritual civilization advances are often successful in building material civilization. Material civilization is the foundation of spiritual civilization, which in turn promotes the development of material civilization. Socialist spiritual civilization dictates and guarantees the socialist orientation of our material construction. Therefore, material and spiritual civilization should be promoted simultaneously. Both are indispensable, and neither should be overemphasized at the expense of the other.

During his inspection of the building of spiritual civilization in cities, Deng Liqun set great score by the tremendous role of the masses in building spiritual civilization. He visited streets, stores and stands, and ordinary people's homes to examine the situation and listen to views and suggestions. When he saw that Bengbu City, once noted for its dirty streets, had become a city with clean streets, a beautiful environment, and civilized manners after 2 years of efforts, and that the residents were vigorously trying to beautify their streets and courtyards and establish harmonious, cooperative ties with their neighbors, he was pleased, saying: "Well, it shows that building spiritual civilization has taken root in the hearts of the people and accords with the people's wishes." He praised the city's leaders: "You have done a fine job. Keep up the good work!" In Wuhu City, Deng Liqun visited the scenic Jinghu Park. Members of the city party committee told him that former residents living in the park area had moved out in a very short period to show their support of the expansion of the park. Deng Liqun highly praised their action, saying: "Let us set up a table recording their lofty deeds. Let us set up monuments to people who make major contributions to the development of spiritual civilization!"

While inspecting factories and enterprises, Deng Liqun showed special interest in the work of party committees after the system of directors assuming full responsibility was introduced. Many factory party committee secretaries told him that after the system was introduced, factory party committees had more, not fewer, things to do, their tasks had become more defined, and their roles could be displayed more effectively. Deng Liqun was pleased with this change in the course of economic structural reform. He said: "the institution of the system of directors assuming full responsibility has restored the work originally belonging to the party committee." At the Maanshan Iron and Steel Corporation's machinery repair plant, he learned that the plant had performed exceedingly well in both ideological and political work and business management. He joyfully took up the brush and wrote: "Keep you honor and go for more." In Wuhu, Deng Liqun also held a meeting of party committee secretaries of seven factories in Wuhu and Maanshan Cities to discuss "exactly how to carry out the party committee's work after the institution of the director's responsibility system." [paragraph continues]

He seriously listened to the reports and views of the party secretaries and raised a number of issues for discussion. The forum was held in a lively atmosphere. He told the party secretaries: "The introduction of the director's responsibility system means, in short, that the director should establish his administrative authority and the party committee secretary should establish his ideological authority. The two are in unity with each other, not opposite to each other."

On his inspection tour of the countryside, Deng Liqun was immensely pleased to see the great changes due to the implementation of the responsibility system. After inspecting a number of villages in Chuxian Prefecture, he was so delighted that he picked up a writing brush and wrote down this inscription: "If you want to see a scene 1,000 or 10,000 li away, you must go up to the upper floor of the tower or still higher." He gave many concrete instructions on how to further strengthen the building of socialist spiritual civilization in those rural areas where people have already become better off. He told rural cadres and peasants: Now that reform has been launched in rural areas, peasants should try to become well-to-do by working hard while abiding by the law. At Houyang Village, Damiao Township, Fengyang County, Deng Liqun saw the newly built two-story house of Yang Jinli, the head of a specialized grain-growing household. He also made a special trip to see the poor thatched cottage which formerly housed four generations of this household. He then said in real earnest: "This is historical evidence. We should not pull down all these poor cottages. Each village should keep some of these poor cottages so that they may be used to educate the younger generation." At Daying village in Laian County, Deng Liqun, in high spirits, inspected the rural cultural facilities and attended a performance by an amateur theatrical troupe made up of peasants. He told the leaders accompanying him on the tour that every effort should be made to satisfy the peasants' spiritual and cultural needs and speed up the pace in building rural spiritual civilization. Deng Liqun also showed deep concern for building rural grass-roots party organizations. He pointed out: "In rural party organizations, the proportion of young party members is too low. Attention should be paid to cultivating more young party members so as to gradually improve the composition of these organizations in terms of the members' average age and education."

On his inspection tour of Anhui, Deng Liqun also visited some universities, middle and primary schools, and kindergartens, where he extended cordial regards to the faculty members, who were devoting themselves to the educational cause. At Hefei Associated University, he told 76-year-old Professor Yang Chengzong: "You still work so hard for the party's educational cause in spite of your advanced age. You spirit is really touching." He wrote an inscription, reading "a new method for a new thing," for Hefei Associated University, which came into being in the course of restructuring the educational system. On his visit to the Chinese University of Science and Technology, he inquired with deep concern about the living conditions of young and middle-aged backbone teachers. Speaking to students of the university's juvenile class, he urged them to pay attention to their health. He also asked the university authorities to take good care of the students of this class. When visiting the Hefei Normal Shcool for Kindergarten Education, Deng Liqun praised the future teachers, saying: "Your work has boundless prospects, and your responsibility is heavy." [paragraph continues]

At the Agricultural School of Fengyang County, Deng Liqun asked the prefectural and county leaders to be concerned about the teachers' well-being and told the principal of the school: "This is a significant cause. I hope you will take agricultural education as your lifetime career." In Shexian County, Deng Liqun visited the memorial hall for Tao Xingzhi, a well-known people's educator. He wrote down the following characters with vigorous calligraphic strokes. "Genuine knowledge gained through practice. Resolute action taken to put knowledge to use." He did this to show his respect for Mr Tao Xingzhi.

Deng Liqun also traveled to Huang Shan on his inspection tour. He rode a cable car up the mountains as one of the first passengers in a test run of the Huang Shan cable car service. Deng Liqun met with personnel of the Huang San TV transmission station at the Beihai Guest house. He extended regards to the comrades who stayed all year round on Huang Shan to transmit information about socialist spiritual civilization and inquired with deep concern about their work, daily life, and study. In conversations with responsible persons of the Huang Shan administrative bureau, Deng Liqun gave them many important suggestions on promoting spiritual civilization and building scenic tourist areas. In Tunci City, he visited an old folks' home to see the aged people there, inquiring about their living conditions and wishing them a happy life in their late years.

HU QILI JOINS VETERAN CADRES' 1 JUL GATHERING

OW050143 Beijing International Service in Mandarin 0900 GMT 2 Jul 86

[Text] The 65th founding anniversary of the CPC fell on 1 July. In Beijing, close to 20,000 veteran CPC cadres and their dependents attended an entertainment gathering last night in the Great Hall of the People to mark the occasion. Party and state leaders, includng Hu Qili and Chen Pixian, also attended and watched the entertainment.

The entertainment began with the majestic songs of a veteran cadre choral group. The group, composed of veteran revolutionary comrades, presented songs of the Revolutionary War period. Then, many rich and colorful programs, includng songs, dances, Beijing operas, and other entertainment were staged for the veteran cadres.

After China abolished the lifelong-tenure cadre system, a large number of veteran cadres have left their work posts and retired or have withdrawn to the second line. How to help these veteran comrades to put their remaining energy to use and live a happy life during their late years has become a matter of great concern for the CPC and the whole society.

LI PENG URGES GOOD EQUIPMENT-MANAGEMENT WORK

OW030113 Beijing XINHUA Domestic Service in Chinese 1337 GMT 2 Jul 86

[By RENMIN RIBAO reporter Dong Huanliang and XINHUA reporter Xu Yaozhong]

[Text] Beijing, 2 Jul (XINHUA) -- Speaking at today's national meeting to commend outstanding units in equipment management, Li Peng, vice premier of the State Council, stressed that it is a plant director's unshirkable responsibility to ensure the successful management and utilization of equipment.

The economic benefits of an enterprise should be judged not only by the output of its production and the profits it realizes, but also by how well it maintains its equipment, he said.

Hu Ziang, vice chairman of the CPPCC National Committee, also attended the meeting in Beijing and made a speech. Hu Zuewen, vice chairman of the NPC Standing Committee, sent a representative to read his written speech.

The fixed assets of our country's industrial and transport enterprises are currently valued at more than 700 billion yuan. Of this, equipment accounts for some 400 billion yuan. This is an important material and technological basis for our people to carry out the socialist modernization program. The successful management, utilization, and maintenance of all kinds of industrial equipment are of vital significance for improvng the quality of equipment of enterprises and ensuring the sustained, steady, and well-proportioned development of various sectors of our national economy.

Li Peng pointed out in his speech: Some enterprises have the erroneous tendency of attaching importance to production while ignoring the management of equipment. This tendency must be corrected. The plant director's responsibilities and the work-target responsibility system of the plant director and workshop foreman should unequivocably include the task of properly maintaining the equipment as a major requirement of managerial work. At the end of the tenure of the plant director or workshop foreman one of the criteria for deciding whether they should be reappointed to their posts is the condition of the equipment. If an enterprise has a very high rate of productivity and earns very large profits but its equipment is in serious disrepair, will have poor overall operational results in terms of the benefits it produces, and as a result, the plant director should be considered negligent in his duties.

Li Peng continued: In recent years, we have manufactured or imported quantities of large automated equipment, both mechanical and electrical for continuous production processes. Departments in charge of various industries and all industrial enterprises should take various measures to train proficient equipment-maintenance teams. This is the only way to achieve success in managing and utilizing the new equipment. In addition, positive efforts should be made to modify the original equipment so that new technology may be adopted. At the same time, equipment that is old, antiquated or not energy efficient should no longer be used.

In addition to the above, Li Peng said: A system of comprehensive management of equipment centered on improving economic benefits and raising the overall utilization rate of equipment should be put into practice. The planned equipment inspection and maintenance system, which has been carried out by industrial enterprises since the 1950's, has played a certain role in ensuring industrial production. With the development of production technology, however, the original system, which requires the periodic inspection and maintenance of equipment on a preset timetable, should now be changed into an inspection and maintenance system based on the actual technical conditions of the equipment. That is, the rigid managerial method should be changed into a flexible one so as to constantly improve the condition and raise the utilization rate of enterprise equipment.

Li Peng expressed the hope that all localities, competent authorities, and equipment-management association would attach great importance to the management and maintain work on equipment, earnestly strengthen leadership in this regard, and assign full-time personnel to do the work as necessary.

At this commendation meeting, 100 units, including the Chengdu Measuring and Cutting Tools Plant in Sichuan, the Anshan Iron and Steel Company, and the Jilin Chemical Industry Company, were awarded the title of "National Outstanding Units in Equipment Management" by the State Economic Commission. Ninety-seven units were given the title of "National Advanced Units in Equipment Management."

The Second National Work Forum on Equipment Management and Maintenance and the second annual meeting of the China Equipment Management Association concluded at the same time.

LI PENG ADDRESSES VOCATIONAL EDUCATION FORUM

OW070213 Beijing XINHUA Domestic Service in Chinese 1052 GMT 6 Jul 86

[By Central People's Broadcasting Station reporter Li Renzhu and XINHUA reporter Yang Zhaobo]

[Text] Beijing, 6 Jul (XINHUA) -- The 5-day national forum on vocational and technical education successfully concluded today. Vice Premier Li Peng spoke at the forum.

The forum made arrangements for China's vocational and technical education in the coming years. Participants exchanged experiences and decided the tasks, guidelines, and policies.

What was special about this forum was that it was jointly convened by the State Education Commission, Planning Commission, Economic Commission, and the Ministry of Labor and Personnel. Vice Premier Li highly praised their practice, saying they had "taken a good lead." Delegates from various localities agreed that vocational and technical eduction is an undertaking that concerns the whole society and that the educational departments and the planning, economic, and labor and personnel departments should strengthen their cooperation, closely coordinate their work, support each other, and take concerted action to promote the development of vocational and technical education.

Comrade Li Peng fully affirmed the necessity of the forum. He said: Since the central authorities made public the decision on educational reform more than a year ago, the understanding of education in the whole society and party, and especially in the leadership at all levels, has notably improved. People have gradually come to understand that qualified personnel hold the key to the success of the four modernizations and that education provides the foundation for solving the shortage of qualified personnel. Education can be classified into four categories: basic, vocational and technical, higher, and adult. Each of these four categories is indispensable. While there is some improvement in the people's understanding of vocational and technical education, looking down on vocational and technical education is still common in society. This is also true among many people in education circles. Therefore, it is necessary to further enhance our understanding of vocational and technical education before we can develop it.

He said: Our workers' standards are the key to improving our product quality and economic results. Given the same equipment and administration, the standard of the workers will decide the quality of the products. Our rural economy requires more input to maintain sustained growth, and technology is a major input required. This requires us to promote education as a means of raising the cultural and scientific and technological standards of our rural workers.

After affirming the achievements in our vocational and technical education, Li Peng said: The development of vocational and technical education in recent years was uneven for the country as a whole. While a small number of areas developed rapidly, the rest of the country lagged behind. The development in most of the rural regions in particular, was extremely slow. I believe that we need to stress development in the whole country, especially in most of the rural areas, where vocational and technical education is rather weak. Current vocational and technical education has not been able to train enough personnel to meet the needs of society.

Li Peng said: The policy of requiring pre-employment training was specifically put forward in the central decision on educational reform. It is an important measure for reforming both the educational structure and the labor and personnel system. Its very goal is to raise the standards of workers. Labor, education, and all other departments should firmly implement this policy. Graduates of vocational and technical schools should have priority in employment.

Li Peng also stressed: It is necessary to implement the policy of developing vocational and technical education at various levels, in various forms, and by everyone. In other words, education departments, factories and enterprises, and labor departments should all promote vocational and technical education and bring their initiatives into play. The question of teachers should also be resolved through multichannels. The State Education Commission and education departments in various provinces, municipalities, and autonomous regions should build a contingent of teachers for vocational and technical education in 3 or 5 years. It is necessary to create a new situation in vocational and technical education in order to contribute to the socialist modernization.

YU QIULI SPEAKS ON PLA PARTY RECTIFICATION

OW070344 Beijing XINHUA Domestic Service in Chinese 0811 GMT 6 Jul 86

[Text] Beijing, 6 Jul (XINHUA) -- On 3 July Yu Qiuli, member of the Political Bureau of the CPC Central Committee and director of the General Political Department, addressed a meeting held by the Central Military Commission on the PLA's party rectification and efforts to improve the party style. He said: When carrying out education in the current situation on the party's line, principles, and policies the PLA should pay attention to enhancing the servicemen's understanding of the reforms. Servicemen should correctly understand and support the ongoing reforms in various fields while further carrying out the reform of the Army itself.

Yu Qiuli said: Since the 3d Plenary Session of the 11th CPC Central Committee our country has carried out a series of major reforms in both rural and urban areas and has achieved remarkable success. The people throughout the country warmly support the reforms. The vast number of commanders and fighters also resolutely support the reforms.

Under the situation of comprehensive reforms the PLA should take further steps to educate the servicemen in the current situation. Persistence in the reforms is a firm and unshakable policy of the party Central Committee. We may say that without the reforms today's excellent situation would be nonexistent. In order to enhance the excellent situation we must continue to thoroughly carry out the reforms. Since the reform is a deep social change and something new, a process of gradual probing and experimentation is necessary. Problems in the process are unavoidable due to lack of experience at the beginning. It is wrong for some people to blame the reforms for problems concerning the party style and the standards of social conduct. It is also wrong for someone to view the reforms from his personal standpoint in consideration of his own benefit. We should educate the cadres and fighters to know the situation of reforms clearly, affirm their confidence in the reforms, and further unify their thinking with the policy decision of the party Central Committee.

He pointed out: In last few years our Army has inaugurated important reforms in military affairs, political work, logistics, scientific research for national defense, and military schools. The reforms have yielded, and will continue to yield, important effects. However, many other things in our Army remain to be reformed. In particular, many important issues have yet to be probed since we adapted our guiding principle for Army building to peacetime needs. We may say that our Army will be unable to continue its development and advance if it does not carry out reforms. We should also know that the Army reform is a component part of the reform program of our country as a whole. Our country's reforms in various fields also involve our Army in many respects, and require our Army to carry out corresponding reforms. For this reason, leading cadres at all levels should further emancipate their minds and continue to promote reforms in the Army.

Yu Qiuli said: The reforms carried out by the Army are designed to further modernize the Army and constantly enhance the troops' fighting power. Therefore, the reforms must be carried out in consideration of the Army's realities. Our Army is an armed group performing revolutionary political tasks and a combatant organization with a high degree of centralism and unity. We must consider these characteristics of our Army when we do things. We may learn from and draw lessons from any experiences of local people in reform, but we must not copy them mechanically. We should note the similarities and differences between the Army and the civilian community, as well as the commonality and differences between laws of Army building and economic construction. Some reforms may be undertaken by both the civilian community and the Army, while other reforms are exclusively for the civilian community to undertake but not for the Army. When we use foreign experience we should pay particular attention to considering the conditions of our country and our Army and to always maintaining our Army's characteristics. In addition, we must stress real effects of reforms and must not do things only in name but without substance. In the course of the reform we should respect the masses' creativity and protect their initiative. At the same time we should organize and guide them well, so that the reforms will proceed in a sound way.

RECTIFICATION STRENGTHENS PARTY IN PLA UNITS

OW070406 Beijing XINHUA Domestic Service in Chinese 0136 GMT 6 Jul 86

[Text] Beijing, 6 Jul (XINHUA) -- Party rectification is going on intensely in PLA units at and below the regimental level. So far, a considerable number of brigades and regiments have already completed party rectification, which is also being conducted in battalions and companies. Party rectification in grass-roots PLA units has strengthened the party organizationally and improved ideology, style, and discipline among a vast number of party members, thereby giving a strong impetus to work in all fields.

Grass-roots PLA units have followed a clear guiding ideology in carrying out party rectification. The Central Military Commission has set two demands for party rectification -- to rectify and overcome negative aspects and to strengthen the party organizationally by building party branches into fighting forces. It has specifically called for rectification in 12 negative aspects and outlined solutions to them. Earnestly implementing the Central Military Commission's guidelines, all PLA units have strived to eliminate the negative aspects and strengthen the party organizationally in various phases of the party rectification. Party committees of PLA units at various levels have attached great importance to the party rectification by organizing forces and giving specific guidance in solving problems. In solving the problem concerning party members' ideology, many units concentrated efforts on explaining things and enhancing party spirit and consciousness. They have also conducted mass discussion about a few typical erroneous views and confused ideas in order to help party members distinguish between rights and wrongs. According to comrades who have participated in the party rectification, in the study session they have undergone the most systematic and thorough education in basic knowledge on the party and in party spirit since they were admitted to the party. The study session has enabled them to understand the duty of a communist and the qualifications of a good communist.

Due to the penetrating and solid work in the party rectification, grass-roots PLA units have scored remarkable achievements in the following aspects:

(1) Party spirit has been strengthened and party members' political consciousness raised. Before the party rectification, some confused ideas and erroneous views had corroded and adversely affected party members' thinking. Thanks to study and discussion sessions in the course of party rectification, all units have straightened out erroneous views among party members and changed their mental outlook. By attending a discussion on "how should a communist view gains and losses," party members of a naval unit, who used to think that by staying in the PLA they were at a disadvantage, now understand how to deal with gains and losses. Quite a few comrades said that the motherland's security and the people's happiness are the greatest gains of a communist party member, and that it is a glorious duty to sacrifice personal interests for such "gains." Now they feel at ease serving in the PLA and are eager to dedicate themselves to the defense undertaking.

(2) Problems existing in some party committees and among party member-cadres have been uncovered and resolved. Earnestly implementing the Central Military Commission's guidelines, many brigade and regiment party committees have boldly exposed contradictions, eliminated undesirable phenomena, and focused attention on solving problems involving party member-cadres, leading cadres in particular.

The party committee of a regiment under the Jinan Military Region that was previously confronted with problems concerning unity, discipline, and style took a positive approach by mobilizing commanders and fighters alike to expose contradictions and ferret out undesirable phenomena, and solved problems in a relatively satisfactory way through education, examination, rectification, or punishment as deemed necessary.

(3) Party style has been improved. Tackling the problem of improving party style in particular, PLA units at and below the regiment level have examined and rectified problems of abusing one's position and powers and seeking personel interests at public expense, criticized the vulgar practice of seeking special connections, firmly stopped the trend of giving extravagant dinners, and corrected other fraudulent practices, thereby solving many long-standing problems in the units. As a result of party rectification, many party member-cadres now perform their duties according to the party Constitution and the "guiding principles," are honest in words and deeds, and refrain from seeking special connections. Through party rectification, leadership style has been improved and the idea of serving the grass roots has been fostered in many PLA units.

(4) Grass-roots party organizations have been strengthened, as seen from the changes that party branches have become more effective fighting forces, party members have brought their vanguard exemplary role further into play, a healthly atmosphere has prevailed in the Army, and a trend of steady progress has emerged in grass-roots construction and work in other fields. Relations between the party and the masses and between officers and soldiers have been improved. Many party members maintain close contacts with the masses and take the initiative to carry out the mass work. Party branches have achieved remarkable results in giving expression to democracy, exercising collective leadership, and conducting regular activities of the organization, criticism and self-criticism, and ideological and political work.

YANG DEZHI STRESSES QUALITY IN NEW PLA RECRUITS

OW080149 Beijing XINHUA Domestic Service in Chinese 1208 GMT 7 Jul 86

[Text] Beijing, 7 Jul (XINHUA) -- The PLA must adapt itself to the new situation by doing a good job in work with troops and ensuring the quality of soldiers in order to upgrade the Army to a new level, said Yang Dezhi, member of the Political Bureau of the CPC Central Committee and chief of general staff of the PLA, at a all-Army troops work conference today.

Yang Dezhi pointed out that, to do a good job in work with troops and ensure the quality of soldiers is of great importance in building up the troops' combat capability and accelerating their modernization. "The foundation of an army lies in its soldiers." With the strategic change in the guiding ideology for our Army-building during the new period, the number of troops has decreased in the course of the reduction-in-force reorganization, which has set a higher demand on the quality of soldiers. Training crack soldiers and good generals is the way to command troops and win victories at all times and in all countries. Upgrading the quality of soldiers is not only necessary for the PLA's moderization, but also beneficial to the training of dual-purpose personnel to serve national economic construction. Therefore, it is a basic Army construction project, as well as its important task, to train talented personnel for the country.

Yang Dezhi said: In order to do a good job in conscription work and upgrade the quality of soldiers, people's governments at all levels, all military districts and subdistricts, and county and city People's Armed Forces departments have carried out reform, focusing mainly on local conscription, in recent years. The reform has brought in better qualified new soldiers and ensured the quality of soldiers in general. He urged PLA units to fully cooperate with local governments in doing things strictly according to the Military Service Law and other relevant policies, enhance the sense of political responsibility, and ensure a good job in conscription, perferential treatment to compulsory servicemen, and placement of retired soldiers. It is necessary to vigorously carry out ideological and political work, and publicize the Military Service Law, the position and role of the Army, and good people and good deeds in conscription and demobilization work, in order to deepen the sense of responsibility and honor among the broad masses of young people to join the Army and dedicate themselves to the undertaking of national defense.

In his speech, deputy director of the PLA General Political Department Zhou Wenyuan said that it is necessary to pay close attention to conscription work, which is an important factor upgrading the quality of soldiers. He urged military service organs at all levels to enlist qualified soldiers with a profound sense of responsibility. After new soldiers report to the Army, the PLA units must conduct ideological foundation to upgrade their quality.

The all-Army troop work conference opened in Beijing on 2 July. The conference mainly discussed questions on how to adapt Army-building to the new situation, enlist additional soldiers this year, and upgrade their quality, and drew up plans for work with troops.

MINISTRY CIRCULAR URGES SUPPORT FOR ARMY

OW080357 Beijing XINHUA Domestic Service in Chinese 0748 GMT 7 Jul 86

[Text] Beijing, 7 Jul (XINHUA) -- The Ministry of Civil Affairs recently issued a circular on launching activities to support the Army and give preferential treatment to families of revolutionary armymen and martyrs around the 1 August Army Founding Day in 1986. The circular said: In order to strengthen the unity between the Army and the government and between armymen and civilians, all localities should set up efforts to institutionalize the system of giving perferential treatment to, and settling families of, revolutionary armymen and martyrs, and support the Army's reform and construction, while striving to do more solid work for the Army and for families of revolutionary armymen and martyrs.

The circular said: Every locality should base on its tradition, as well as on the new situation, the further implementation of the "Circular on Respecting and Cherishing the Army and Actively Supporting Its Reform and Construction," issued by the CPC Central Committee and the State Council, vigorously publicizing the important role and position of the Army in the modernization drive, and striving to respond to the central authorities' call for fostering an atmosphere of respecting and cherishing the Army in our community. It is necessary to mobilize and rely on all social forces in launching activities through various channels and at different levels, and setting up grass-roots networks for such activities in order to implement them on a massive scale in accordance with the guidelines for social security in the Seventh 5-Year Plan, and with the guiding principles for the work of giving preferential treatment to, and settling families of, revolutionary armymen and martyrs.

The circular called on all localities to conduct systematic inspection of the work of giving preferential treatment to, and settling families of, revolutionary armymen and martyrs, study and solve problems cropping up in the work in rural and urban areas, actively help a few demobilized servicemen living in rural areas solve practical problems, discover and use dual-purpose personnel among retired armymen, give proper attention to wounded and disabled soldiers, and do a good job in placing retired Army cadres. It is also necessary to commend newly-emerged advanced units and individuals in supporting the Army and giving preferential treatment to families of revolutionary armymen and martyrs, publicizing their advanced deeds, encouraging them to explore methods of reform, and teaching them to set good examples for the masses, promoting the building of socialist spiritual civilization.

MILITIA ORGANS PLACED UNDER LOCAL JURISDICTION

OW080445 Beijing XINHUA Domestic Service in Chinese 0044 GMT 6 Jul 86

[By reporter Gai Yumin]

[Text] Beijing, 6 Jul (XINHUA) -- The task of transferring county (city) People's Armed Forces departments to the jurisdiction of local governments has been successfully completed throughout the country on schedule, and China's militia work has entered a new stage of development.

After the CPC Central Committee, the State Council, and the Central Military Commission issued the circular on transferring county (city) People's Armed Forces departments to the jurisdiction of local governments last March, all provincial, autonomous regional, and municipal governments paid close attention to the transfer work and regarded it as an important task in supporting the Army's structural reform and reduction-in-force reorganization. They took the initiative in cooperating with the Army to help solve specific problems confronting it, thereby creating favorable conditions for smoothly transferring People's Armed Forces departments to the jurisdiction of local governments. In order to transfer to the local government a People's Armed Forces Department with sound ideology and style and well versed in administrarive work, all military regions and provincial military districts readjusted and replenished the leading bodies and cadres of People's Armed Forces departments. At the same time, they did a tremenmdous job in preparing for the transfer by making an inventory of weapons, equipment, and other materials, checking financial accounts, and repairing motor vehicles. Close cooperation between the Army and local governments in study and drawing up plans for the transfer and experimenting at selected points ensured smooth trnsfer of the militia organizations under the jurisdiction of local governmemts.

According to regulations, Xinjiang Uygur Autonomous Tegion will complete the transfer before the end of this year.

Since being transferred to the jurisdiction of local governments, county (city) People's Armed Forces departments in China have become the Military Affairs departments of their local party committees and the military service organs of the local people's government at the same level have assumed the dual leadership of local government and PLA units. In order to ensure the continuity of militia work after completion of the transfer, party and government leaders in all localities should take measures to strengthen leadership and cooperate with the People's Armed Forces Department in studying and drawing up plans for intensifying militia building and achieving a breakthrough in militia and reserve service work.

In light of the new situation arising from the transfer of People's Armed Forces departments to the jurisdiction of local governments, Military Affairs departments at all levels should sponsor training classes for militia cadres, and help them adapt themselves to the new situation, follow a correct guiding ideology in the administrative work, and improve their work performance. Militia cadres should make determined efforts to inherit and carry forward the glorious tradition of the People's Army, actively lead militiamen in the building of socialist material and spiritual civilization, and open up a new situation in militia work.

PLA DEVELOPS MODERN CARTOGRAPHIC TECHNOLOGY

HK100205 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0645 GMT 4 Jul 86

[Text] JIEFANGJUN BAO today reported that the cartographical work of the Chinese Army is developing from a single-form mode to a comprehensive mode designed for combined army units, and the traditional surveying and mapping technology is being superseded by modern cartographical technology.

The Chinese Army is now able to precisely determine the exact land coordinates of missile and satellite launching sites, the orbits for satellites, and the splashdown points of missiles on the sea surface. The new comprehensive technology for processing diagrams, graphs, and pictures on the basis of microelectronics and the numerical control system has been widely used for automated command and automated mapping in military actions. The Army groups have used computers to manage maps, analyze topography, and conduct tactical mapping operations. This effectively helps Army commanders analyze topography rapidly and correctly, work out operation plans, and organize combined military operations.

FANG YI OPENS CALLIGRAPHY, PAINTING EXHIBITION

OW022336 Beijing XINHUA Domestic Service in Chinese 0805 GMT 1 Jul 86

[Text] Beijing, 1 Jul (XINHUA) -- A calligraphy and painting exhibition sponsored by organs directly under the CPC Central Committee opened this morning at the Imperial Historical Library in Beijing to mark the 65th anniversary of the founding of the CPC. Fang Yi, member of the CPC Central Committee Political Bureau, cut the ribbon at the ceremony opening the exhibition. Some 280 calligraphic works, traditional Chinese paintings, and oil paintings are displayed at the exhibition.

SHANGHAI MAYOR ON ROLE OF GARRISON DISTRICT

OW060746 Shanghai City Service in Mandarin 0000 GMT 3 Jul 86

[Text] Reorganization of People's Armed Forces departments into local governments has been successfully completed in Shanghai's districts and suburban counties. The Shanghai Municipal CPC Committee, the municipal government, and the Shanghai Garrison District jointly held a summing-up meeing on 2 July. Jiang Zemin, deputy secretary of the municipal party committee and mayor of Shanghai, addressed the meeting.

He said: According to relevant provisions issued by the party Central Committee, the garrison district is a military work department of the municipal party committee. Generally speaking, it is through the garrison district that the municipal party committee exercises its leadership over the military work of the municipality. In military work, all district and county party committees and governments should respect, obey, and accept the leadership of the garrison district, and do the work of the People's Armed Forces department well in accordance with relevant plans of the garrison district.

Ba Zhongtan, commander of the Shanghai Garrison District, made a summing-up report at the meeting. Present at the meeting were Huang Ju, deputy secretary of the municipal party committee; Zhang Dinghong, member of the Standing Committee of the municipal party committee; and Qian Xuezhong, secretary general of the municipal government.

SHANGHAI EXPERIMENTS WITH LABOR CONTRACT SYSTEM

OW080554 Beijing XINHUA in English 0543 GMT 8 Jul 86

[Text] Shanghai, July 8 (XINHUA) -- Having worked two years for the Kaiping Loading Company at Shanghai harbor, the 64 loaders are thinking about their future.

They are part of the 4,500 workers employed by Shanghai harbor in line with the labor contract system which was first tried in 1981, said an official of the company. This experimental system is aimed at breaking the former "iron-rice bowl" system, under which workers were paid the same, no matter how well or badly they worked. Out of more than three million workers employed by the state-owned enterprises in Shanghai, some 150,000 are hired on contracts of varying lengths, according to a municipal official. The labor contract system enables enterprises to employ people on a selective basis, and workers can also choose their careers to bring their talents into fuller play.

"I am enjoying good health, and am competent at loading. I am paid a monthly wage of 200 yuan," said Yuan Lijun who was a peasant two years ago. He and many of his colleagues have decided to renew their contracts with the Kaiping Loading Company.

"The experimental system helps my enterprise improve productivity," said an official of the first department store of Shanghai which was one of the pioneers of the contract system in the city. China's biggest department store has total sales of 480 million yuan annually, and it has hired 200 contract workers, one-tenth of the store's total.

All new employees of state-owned businesses will be hired on contracts of varying lengths, according to a local regulation issued in 1984 by the Shanghai municipal authorities, said a local labor official. The new system would create groups of people waiting for new jobs, which would be a problem, the official said. But this could be solved by the social insurance system.

Contract workers enjoy the same labor rights and treatment as regular workers, and pay into state-run health-care and pension schemes.

Meanwhile, the contract workers have to pay social insurance premiums which will operate as a sort of unemployment insurance.

ZHEJIANG PARTY RECTIFICATION TRAINING CLASS ENDS

OW040404 Hangzhou ZHEJIANG RIBAO in Chinese 25 Jun 86 p 4

[Excerpts] A training class on rural party rectification work for cadres from provincial organs has concluded. Through 10 days of study and training in the class, the more than 500 cadres, who are all party members, have become more clearly aware of the vital significance of party rectification in rural areas. They have deepened their understanding of the need for cadres from leading organs to go to the countryside as a way to change the cadres' work style and forge ties between those at the higher and lower level. With this correct thinking in mind and having grasped the policy, they have been fully prepared to do a good job of helping and guiding the party rectification work in rural areas. [passage omitted]

Some 40,000 cadres will go to the rural areas this time. They are from five different levels and will participate in the work of rural party rectification. Among them will be more than 500 cadres with party membership from the various provincial organs. They will be sent to the rural areas by the provincial CPC Committee. Since these cadres have experienced the first-stage party rectification, they should set a good example for the cadres at the grass-roots level. In the training class all study groups formed by these cadres expressed the determination to make friends with grass-roots cadres and masses when they arrive in the rural areas. They pledged that they would act as good propagandists to give publicity to the party's policies and principles and as good guards in ensuring the rectification of party style. In addition, they said that they would do their best to serve as advisers in promoting rural reform and developing the commodity economy and, where conditions permit, as "matchmakers" to help establish lateral economic ties. As a comrade who has been appointed leader of a liaison group puts it will, the cadre sent by the provincial authorities to rural areas should behave as good models instead of showing arrogance and putting on airs. They should place strict demands on themselves and set an example with their own conduct at all times and under any circumstances. They should have correct thing, a conscientious work style, and a simple and plain way of life. In no way should they cause any inconvenience to the local people. What they should do is to make a success of rural party rectification under the leadership of the local party committees.

GUANGDONG CONFERENCE PROMOTES REGIONAL, FOREIGN TRADE

OW051250 Beijing XINHUA in English 1213 GMT 5 Jul 86

[Text] Guangzhou, July 5 (XINHUA) -- An eight-day economic and trade conference focussing on mountainous counties in Guangdong Province has promoted lateral economic exchanges between the coastal, plain and economically developed areas, and the underdeveloped mountainous areas, according to a local official here today.

He said the conference aimed at promoting further understanding of the present economic situation and advantages of the mountainous areas.

The conference, the first of its kind held here, closed this week at the Guangzhou International Exhibition Hall. On display were products of the forestry, minerals, machine-building, textiles, light industry, foodstuffs, electronics, animal husbandry and arts and crafts industries from 39 out of 47 mountainous counties in Guangdong.

The conference was attended by 30,000 people from over 60 cities and counties in Guangdong's coastal, plain and developed areas. Also represented were enterprises, research institutes, colleges and universities, and economic, trade and commercial departments of ten other provinces and municipalities, as well as foreign and Hong Kong businessmen.

Some 465 letters of intent and 53 contracts for economic and technological cooperation were signed during the first six days of the conference, with a total investment of 220 million yuan.

Guangdong's 47 mountainous counties, covering 54.4 percent of the province's total area, have rich natural resources, but they don't have enough funds and technology to exploit them.

The government is now encouraging economic cooperation between more developed areas and underdeveloped regions. Premier Zhao Ziyang said earlier this year at the National People's Congress that "it is essential to promote mutual economic cooperation and association" between poorer areas and the economically developed areas so that the former will be able to rid themselves of their economic and cultural backwardness as soon as possible by mainly relying on their own resources.

GUANGDONG CONFERENCE ON RURAL PARTY RECTIFICATION

HK080225 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 7 Jul 86

[Text] This morning, the party rectification guidance group of the provincial CPC Committee held a conference on rural party rectification in our province to convey and implement the spirit of the forum of six coastal provinces and cities on party rectification work which was held by the Central Commission for Guiding Party Rectification in Nanjing, to sum up experiences of the rural district level in party rectitication, and to make further arrangements for rural party rectification in our province. Provincial CPC Committee Deputy Secretary Wang Ning Presided over the conference.

Provincial CPC Committee Deputy Secretary Guo Rongchang spoke at the conference. He made specific arrangements for party rectification at the township level. He said: In party rectification at the township level, it is necessary to solve four problems:

1. It is essential to solve the problem of how to suit the situation in rural reform and how to correctly understand and implement all rural principles and policies of the party.
2. It is necessary to solve the problem of strengthening party spirit and the concept of party discipline and of wholeheartedly serving the people.
3. It is imperative to solve the problem that leaders of the party do not take care of the work of the party.
4. It is essential to solve the problem of being shackled by the ideas of the small-scale peasant economy among party members. We must teach the party members to establish ambition and to lead the masses to speed up the development of the building of the two civilizations in the rural areas.

GUANGXI PEOPLE'S ARMED FORCES DEPARTMENT REORGANIZED

HK271353 Nanning Guangxi Regional Service in Mandarin 1000 GMT 26 Jun 86

[Text] The work of placing the country, city, and district People's Armed Forces departments of our region under local authorities began in the middle of March this year and was entirely completed on 25 June. The handover of the 70 county, 5 city, and 6 urban district People's Armed Forces departments to be placed under local authorities and of the 16 newly established urban district People's Armed Forces departments were done respectively by the military subdistricts and all county, city, and district people's governments. The cadres of the People's Armed Forces departments followed the allocation by the organizations, changed their active service to reserve service, and continued to embark on the People's Armed Forces work.

To welcome the handover work, in conjunction with party rectification, People's Armed Forces departments at all levels strengthened ideological and political work, conducted education in obeying the overall situation and in fervently cherishing Guangxi, mountainous areas, and People's Armed Forces work for their cadres, and unified the cadres' ideology and understanding on the basis of the policy decision of the CPC Central Committee and the Central Military Commission so that the cadres conscientiously stressed party spirit, the overall situation, and discipline and obeyed the party's arrangements in everything. Through education, the work of readjusting the cadres was speeded up.

The work of placing the country, city, and district People's Armed Forces departments under local authorities was pressing and arduous and involved many departments. It was of a policy nature. In view of this, the region and all prefectures and cities promptly organized handover leadership groups with the participation of leaders of the party, government, Army, and departments concerned and set up offices to strengthen leadership.

With the vigorous support of all departments concerned, the practical problems of the handover work were solved relatively well. People's governments at all levels also appropriated funds to support the capital construction of People's Armed Forces departments. All this educated and encouraged the People's Armed Forces cadres. They declared that they would turn the deep love of the CPC Central Committee and CPC committees and governments at all levels to practical actions and work hard to create a new situation in the People's Armed Forces work.

CHEN HUIGUANG AT GUANGXI FORUM ON COMPULSORY EDUCATION

HK040226 Nanning Guangxi Regional Service in Mandarin 1000 GMT 2 Jul 86

[Excerpts] The recent regional forum on enforcement of the compulsory education law and conference on educational work seriously studied and arranged for the work of enforcing the compulsory education law, straightening out the ideology of doing educational work, strengthening teachers' training, and improving the quality of education in our region.

During the meetings, leading comrades of the regional party and government, including Chen Huiguang, Gan Ku, Hou Depeng, Shi Zhaotang, and Wu Keqing, spoke about the relevant issues of enforcing the compulsory education law and so on in our region.

The meetings put forward: It is necessary to organize the cadres and the masses to seriously study the compulsory education law so as to strengthen their sense of responsibility and sense of urgency. In accordance with the different situation in economic and cultural development in all places of our region, the region has decided to organize relevant personnel to investigate the situation in enforcing the compulsory education law in three different kinds of areas of our region. On the basis of the results of investigation, the regional People's Congress Standing committee will formulate as soon as possible the Guangxi Zhuang Autonomous Regional regulations governing enforcement of the compulsory education law. The regional education department will also formulate detailed rules and regulations on enforcement. All places must seriously conduct investigation and study and explore the program for enforcement. [passage omitted]

The meetings also studied the aim, principled, method, and steps of building the ranks of middle and primary school teachers of our region. During the Seventh 5-Year Plan period, it is essential to train and readjust the existing teachers so that over 90 percent of the unqualified teachers will be competent or basically competent at the teaching job. It is imperative to strengthen the building of teachers' training schools at all levels, to establish a network of training middle and primary school teachers, to put it on a sound basis, and to make full use of television education to train teachers.

The meetings also demanded: Schools at all levels and of all kinds must straighten out the guiding ideology of doing educational work and establish the idea that education must serve socialist construction. It is necessary to strengthen ideological and political work in the schools and to attach importance to the development of vocational education.

SECRETARY ATTENDS GUANGXI PROPAGANDA DIRECTORS FORUM

HK020511 Nanning Guangxi Regional Service in Mandarin 1000 GMT 30 Jun 86

[Excerpts] Regional CPC Committee Secretary Chen Huiguang and regional propaganda department director Jou Depeng delivered speeches at the regional forum of propaganda department directors which concluded yesterday.

Since the 3d plenum of the 11th CPC Central Committee, under the leadership of the regional CPC Committee, the comrades of propaganda departments at all levels of our region have done a lot of work and have gradually eliminated and abandoned the past leftist method of going in for political campaigns, criticism, and struggle.

They have strived to use the method of conducting discussion on an equal basis and to take the form of pursuasion and education to influence and masses. This has made propaganda work lively and convincing and appealing to a certain extent. [passage omitted]

In a word, the achievements in our region's propaganda work over the past few years are marked. However, our propaganda work has still not been done sufficiently. One of the most salient problems in our propaganda work is that our propaganda work has not suited the practice of current reform and economic construction and not been done sufficiently to serve reform and the building of two civilizations.

In his speech, Comrade Chen Huiguang pointed out: Whether our propaganda work can suit the practice of reform and economic construction not only in a crucial problem of whether we can do propaganda work well in the new period, but also will directly affect the overall situation of reform and construction.

Regarding the problem of how our propaganda work must be linked with reality. We must resolve the ideological problems of the cadres and the masses in the course of reform and create a fine environment for reform. We must help the cadres and the masses overcome the idea of the small-scale peasant economy and establish the new concept of the socialist commodity economy. The ideological and cultural fronts must create a well-off and harmonious environment. [passage omitted]

In his speech, Comrade Chen Huiguang demanded: CPC committees at all levels must really strengthen leadership over propaganda work and give full play to the role of the propaganda departments so that propaganda work can still better meet the needs of reform and economic construction.

In his speech, Comrade Hou Depeng stressed the problems of creating a well-off and harmonious environment. He said: In all-round reform of the economic structure, a well-off environment is needed. In reform of the political structure, likewise, a well-off and harmonious environment is needed. When we persist in reform of the cultural structure, we must also create a well-off and harmonious environment together.

Regarding how we can create such an environment, he said: We must maintain the continuity and stability of the party's policies. We must take a clear-cut stand to support and protect reform. We must pursue a high degree of democracy. Leaders on the ideological and cultural fronts must act in accordance with the laws of ideology and culture.

With a view to whipping up public opinion on creating a well-off and harmonious environment, Comrade Hou Depeng demaned: In its work in the second half of this year, the propaganda front must closely link all-round reform with straightening out party style and doing well in conducting education in the situation, policies, ideals, and discipline:

1. Ideological and political work must still better serve all-round reform and economic construction. [passage omitted]

2. We must make overall plans, take all factors into consideration, conduct education in all ideological theories in a coordinated way. [passage omitted]

3. It is necessary to extensively and penetratingly launch the emulation drive of three goods and one learn [emulation drive to build good environment, to establish good order, and to provide service of good quality and to learn from Lei Feng and the progressives, which was launched in 14 cities and towns in Guangxi region, as broadcast on 28 February] as well as the drive of building civilized villages and towns.

4. It is imperative to work hard to improve the quality of the propaganda cadres. [passage omitted]

The propaganda departments of all prefectures, cities, and counties must step up training their cadres and should train the propaganda commission members of the township and town CPC committees once by rotation around the 6th plenum of the 12th CPC Central Committee. [passage omitted]

The forum of the propaganda department directors of the whole region was held in Nanning from 24 to 29 June. The forum emphatically conveyed and discussed the spirit of the national forum of the propaganda department directors and conveyed and studied the latest series of important speeches of leading comrades of the central authorities on building spiritual civilization. This forum was another important meeting on the work of building spiritual civilization after this year's regional conferences on grass-roots party rectification and ideological and political work.

HUBEI LEADERS INSPECT RADIO, TV TRANSMISSION TOWER

HK060307 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 5 Jul 86

[Excerpts] Yesterday afternoon, provincial CPC Committee Secretary Guan Guangfu and Governor Guo Zhenqian visited the Hubei radio and television tower to inspect and guide work. This tower, located between Wuhan and Guishan, is now in use. The four-channel television transmitter was officially brought into operation on 20 Jaunary.

Guan Guangfu and Guo Zhenqian listened to work reports given by (Zhang Xinxian), director of the provincial radio and television department, and a responsible person of the Guishan tower construction office.

This tower is China's first reinforced concrete radio and television transmitting tower which can also be used for tourist purposes. Its main functions consist of transmitting and relaying five FM channels and five television channels. It can also provide services for meteorology, fire fighting, atmospheric environmental surveys, and tourism. When completed, the tower will further extend radio and television coverage in the province and improve reception conditions. [passage omitted]

Guan Guangfu and Guo Zhenqian visited the television transmitting room and extended regards to those on duty there. They then climbed higher up the tower for a view of the impressive scenery of the triple city of Wuhan.

YUNNAN OPENS MEETING ON IDEOLOGICAL WORK

HK090303 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 8 Jul 86

[Excerpts] A conference on ideological and political work convened by the provincial CPC Committee opened in Kunming on 8 July. This is the largest Yunnan meeting on the topic since the 3d Plenary Session of the 11th CPC Central Committee. [passage omitted]

Zhu Zhihui, depty secretary of the provincial CPC Committee, spoke at the opening of the conference. He said: The main aim of this conference is to solve four problems: 1) Study the spirit of the relevant central documents, enhance understanding of the importance of ideological and political work in the new situation, and gain a clearer idea of the guiding ideas and tasks for ideological and political work. 2) Sum up and exchange experiences and further probe new ways of conducting ideological and political work in the new situation, so that the contents, methods, and forms of this work will better meet the requirements of reform and clear the way for developing the social productive forces and socialist commodity economy. 3) Study the problem of strengthening the building of the province's ideological and political work force. 4) Make arrangements for current ideological and political work.

He Zhiqiang, deputy secretary of the provincial CPC Committee and governor, made a report. He first spoke on the blueprint for the province's Seventh 5-Year Plan and introduced the current situation and the main tasks in economic structural reform. He then put forward specific demands on how to strengthen ideological and political work in the new period. [passage omitted] He said: In the new historical period, ideological and political work must penetrate into economic work. First, we must conduct correct propaganda on reform and create an excellent social environment for reform. Second, we must help the cadres and masses to establish the commodity concept, and bring the whole province's economic activities onto the track of planned commodity economy. Third, we must change outdated customs and habits, and ease the masses' mental burdens. Fourth, we must conduct vigorous propaganda for running the economy according to the law. Fifth, the whole party must pay attention to strengthening ideological and political work.

Also present at the conference on 8 July were provincial CPC Committee Secretary Pu Chaozhu and Standing Committee members Qiu Chuangjiao, Zhao Tingguang, and Yin Jun. [passage omitted]

PU CHAOZHU YUNNAN PARTY ANNIVERSARY GET-TOGETHER

HK020817 Kunming Yunnan Provincial Service in Mandarin 1000 GMT 1 Jul 86

[Excerpts] To mark the 65th anniversary of the founding of the CPC, the Yunnan Provincial CPC Committee, provincial people's government, and PLA units stationed in Kunming today held joint get-togethers at the Kunming National Defense Club, National Defense Gymnasium, and No 1 Courtyard of the organs of the provincial CPC Committee for the veteran cadres of the party, government, and Army in Kunming. Some 9,000 retired veteran cadres of the province and city and PLA Units stationed in Kunming attended the get-togethers. [passage omitted]

Also attending the get-togethers were Yunnan Provincial CPC Committee Secretary Pu Chaozhu; provincial CPC Committee Deputy Secretary and Governor He Zhiqiang; provincal CPC Committee Deputy Secretary Liu Shusheng; provincial People's Congress Standing Committee Chairman Li Guiying; veteran Comrades Gao Zhiguo and Zhu Jiabi; former principal responsible persons of the Kunming Military Region, including Hu Ronggui, Liu Yantian, Zhang Haitang, (Hu Guohua), and Chen Jiagui; and responsible comrades of all large units of the PLA units stationed in Kunming.

NORTH REGION

LI XIMING RELAYS CPC DIRECTIVES ON SERVICE WORK

SK090739 Beijing BEIJING RIBAO in Chinese 27 Jun 86 p 1

[Text] Li Ximing relayed the important directives of the Secretariat of the CPC Central Committee on the work of Beijing Municipality at the Beijing municipal service work conference which concluded on 25 June. The directives state: The commerce of Beijing Municipality is a key window for developing our country's commercial work. Thus, the service quality of the Beijing municipal commercial departments can produce a comparatively great impact on commercial work at home and abroad. Thus, these departments should adopt feasible measures to improve their service attitude and service quality and strive to play an exemplary role for the commercial departments throughout the country.

HEBEI HOLDS 12TH CPPCC STANDING COMMITTEE MEETING

SK031244 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 25 Jun 86

[Text] The 12th Standing Committee meeting of the 5th provincial CPPCC Committee was held in Shijiazhuang City from 24 to 25 June. Yin Zhe, chairman of the provincial CPPCC Committee, presided over the meeting.

The meeting first relayed the important directive of the central authorities with regard to carrying out the united front work in the new historic period.

At the meeting, Xu Chunxing, vice chairman of the provincial CPPCC Committee, delivered a speech on the issue of how to better carry out the united front work in the new historic period.

During their discussions at the meeting, participants unanimously expressed the view that efforts should be made to earnestly study and implement the spirit of the central directive, to foster new ideas and work style, and to go all out in carrying out the united front work in the new historic period. Efforts should be made to bring into play the strong point of the CPPCC Committee in maintaining wide contracts with the outside world in order to extensively carry out the work of making contacts and establishing friendship with the compatriots in Taiwan, Hong Kong and Macao, and with the Overseas Chinese, and to make more contributions to reunifying the motherland and realizing the one-country two-system policy.

The meeting also heard and discussed the report given by Du Jingyi, vice chairman of the provincial CPPCC Committee, with regard to the work done by the work group under the provincial CPPCC Committee during the period since the founding of the group; and the report given by Zhu Zeji, vice chairman of the committee under the provincial CPPCC Committee in charge of research on the historical accounts of past events with regard to the 1986 work in this regard.

SUN WEIBEN AT HEILONGJIANG PLA UNIT'S PARTY CONGRESS

SK081055 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 7 Jul 86

[Text] On 5 July, the PLA unit stationed in the province held its sixth party congress. (Dong Weizhong), political commissar of the PLA unit, delivered a work report in which he emphatically put forward the issues of how to further carry out the Army-civilian campaign of building a socialist spiritual civilization under the new situation and how to vigorously enhance unity between the army and the government and between the Army and the people.

Over the past few years the PLA unit has continuously carried out the campaign in depth and breadth and brought about a gratifying situation in this regard. As of now, the PLA unit has set up 647 centers in which both Army personnel and civilians are devoting themselves to building a spiritual civilization. Of these centers, 249 work teams have been commended as advanced and civilized units.

At the party congress, the delegates were not satisfied with the achievements scored in this regard in past years in reviewing their experiences. They pledged to regard as a central task the work of improving social morale during the Seventh 5-Year Plan period in order to steadily deepen the campaign of jointly building spiritual civilization.

Attending the party congress were Sun Weiben, secretary of the provincial CPC Committee; Li Genshen, Liu Chengguo, and Zhou Wenhua, deputy secretaries of the provincial CPC Committee; and He Shoulun, vice governor of the province. Sun Weiben, secretary of the provincial CPC Committee, delivered a speech in which he highly praised the achievements scored by the PLA unit in party building, conducting military training, and in carrying out the Army-civilian campaign of building a spiritual civilization. He urged the broad masses of commanders and fighters to make persistent efforts to win still greater glory.

LIAONING'S QUAN SHUREN INVESTIGATES UNHEALTHY TRENDS

SK091254 Shenyang LIAONING RIBAO in Chinese 25 Jun 86 p 1

[Text] On the afternoon of 9 and 10 June, Quan Shuren, secretary, Sun Qi, deputy secretary, and Shang Wen, Gao Zi and Wang Julu, Standing Committee members of the provincial CPC Committee, went to some departments and bureaus to investigate and study their work of correcting unhealthy trends, and to work out plans for carrying out this work more thoroughly.

The leading comrades of the provinial CPC Committee pointed out: To thoroughly correct the unhealthy trends of various trades and realize a fundamental turn for the better in party style and social conduct as soon as possible, party organizations at all levels should earnestly pay attention to the following issues:

1. They should enhance their understanding of the work to correct unhealthy trends. At present, obstacles to the work mainly come from vocational leading organs. With regard to the unhealthy trends of various trades, some leading organs resort to the policy of nonrecognition, others are afraid of losing face and raking up their faults, and still others are making comparisons with one another. Leading persons should start from rectifying their own ideological understanding, regard this work as an important content of the improvement of party style and social conduct, and grasp it firmly and persistently.

2. They should uphold the principle of combining the efforts of various departments and regions, with the focus on those of departments. As the unhealthy trends are reflected in trades, it is the departments in charge of various trades that can best understand the manifestations and the crux of the unhealthy trends, and it is them that can put their fingers on the right spot. Therefore, beginning with the division of labor at the Standing Committee of the provincial CPC Committee, the responsibility system for correcting unhealthy trends of trades should be implemented at every level. From now on, departments in charge should be the first to examine the progress of the work to correct unhealthy trends. CPC committees at all levels should take the initiative in coordinating with the vocational leading organs of various trades to grasp the work on every front.

3. They should combine the work to correct unhealthy trends with the development of the exemplary role of leading organs. Bearing in mind the already exposed problems in their own trades, leading organs should check to see what their weak links are in playing their exemplary role, pursue their liabilities, and further expose similar problems existing in their own organs so that the work to correct unhealthy trends and the development of the exemplary role of leading organs can promote each other.

4. They should give full play to the role of public opinion and mass supervision. All trades and professions should adopt various effective measures to mobilize the masses in a down-to-earth manner in order to form a powerful public opinion force to correct unhealthy trends of trades. The problems already brought to light should be made known to the people through certain methods. At the same time, we should have the courage to check the negative examples in correcting unhealthy trends, and should commend and publicize the good examples in correcting unhealthy trends.

5. They should replenish their staffing and establish and improve various rules and regulations. Efforts should be made to strengthen their contingents of personnel and, in particular, to conduct successful ideological education. Persons harboring selfish purposes who have been promoted to the work posts with certain authority, and who have not repented despite education should be resolutely transferred to other posts. We should make use of the exposed problems to find out the loopholes in the systems of our own trades, and then establish or improve our systems.

6. They should pay attention to the implementation of party policies. In the course of correcting unhealthy trends of various trades, we should see to it that unhealthy trends are corrected, the enthusiasm of staff members and workers is protected, that problems are solved whenever they are discovered, and the spearhead is not pointed at the masses. Focusing on this general requirement, all vocational leading organs should go into the reality of life to conduct investigations and study, ascertain the situation, and draw a clear demarcation line. With regard to the problems that have arisen due to mistakes in work, leading persons, not the persons at lower levels, should be held accountable. In handling problems that should be redressed and cases involving discipline violation, we should also clarify the problems to enable the masses of staff members and workers to distinguish right from wrong so that the phenomenon in which people dare not tackle problems in work can be avoided. Issues involving the economic benefit of staff members and workers should be handled in a prudent manner so that their enthusiasm will not be dampened.

PREMIER YU WELCOMES U.S. CONGRESSMEN

OW091439 Taipei CNA in English 1359 GMT 9 Jul 86

[Text] Taipei, July 9 (CNA) -- Premier Yu Kuo-hwa received U.S. Senator and Mrs. Malcolm Wallop and Congressman Bob Livingston Wednesday afternoon at the Executive Yuan.

Premier Yu extended warm Welcome to the American visitors. He said that the Republic of China [ROC] and the United States have a long-standing friendship and that he hopes cooperation between the two countries will be further expanded through frequent exchanges of visits.

The U.S. lawmakers arrived in Taipei Sunday to attend the seminar on the ROC-USA free trade area. During their stay here, they also visited various economic and cultural establishments of the Republic of China.

Sen. Wallop told Premier Yu that he was impressed by the economic prosperity and social stability of free China.

Also present at the meeting was John Chang, director of the Foreign Ministry's Department of North America.

The American visitors left here shortly after the meeting.

EXCHANGE RATE ADJUSTMENTS UNNECESSARY

OW091211 Taipei CNA in English 1040 GMT 9 Jul 86

[Text] Taipei, July 9 (CNA) -- Economics Minister Lee Ta-hai said Tuesday that the nation's current foreign exchange rate against the Japanese yen is appropriate and there is no need for any larger adjustment to meet the yen's rising value.

The present exchange rate between the new Taiwan dollar and the U.S. dollar is also reasonable, Lee said.

Lee said he sees no reason why this country should conduct a large-scale adjustment of the exchange rate between the local currency and the Japanese yen.

Officials of the Ministry of Economic Affairs pointed out that the exchange rate of the yen against the U.S. dollar has risen to a record high in the past two days. The situation could affect economic and trading circles in Taiwan.

Meanwhile, some highly placed officials of the Ministry of Economic Affairs held the opinion that maintaining present levels of foreign exchange rates has proved to be the best way to cope with the strong yen.

Vice Economic Minister Li Mo said that the rise of the Japanese currency may affect import costs of local manufacturing firms.

The yen's rise will affect spare partes and other imported products from Japan, but it will also be more favorable for the export of locally manufactured goods, Li explained.

Li called on traders and exporters at home to take advantage of the situation by better promoting their products.

Another vice economics ministers, Wu Mei-Tsun, said that the great rise in the value of the yen will force some Japanese enterpreneurs to open operations overseas.

The vice economic minister said that Hsu Kuo-an, director of the Industrial Development Bureau, will lead an investment promotion mission to Japan at the end of the month to try to attract some strategic policy industries, including automotive spare parts manufacturers, to invest in the Republic of China.

At the same time, a report from Japan Tuesday said that Ma Chi-Chuang, a representative of the Association of East Asian Relations in Tokyo, said he believed that the substantial relations between the ROC and Japan will continue to become closer and stronger. His statement was seen as an indication that there may be an increase in Japanese investments here.

IMPROVED ECONOMIC TIES WITH PHILIPPINES URGED

OW090557 Taipei CHINA POST in English 6 Jul 86 p 8

[Text] Delegates at the second joint meeting of the ROC-ROC economic councils agreed yesterday that the present is the most appropriate time for the two countries to expand their economic and trade cooperation. They also forecast that trade will grow greatly this year.

This was the first such meeting between the two councils since the Aquino government initiated a series of economic reforms in the Philippines.

Aurelio Periquet, Jr. Chairman of the Philippine-ROC Council, headed a 58-member mission to the meeting and Jeffery L.S. Koo, chairman of the ROC-Philippine Council, led the 90-member delegation.

During the talks, delegates fully exchanged opinions on the present economic situations in the two countries. They also discussed how to step up cooperation in trade, banking policy, industrial development and investments.

Vice Minister of Economic Affairs Wu Mei-Tsun delivered a special speech analyzing close economic relations between the two countries. The Philippine delegation also reported present economic situation there and investment incentives the government has planned.

According to statistics from the Ministry of Economic Affairs, last year the ROC's two-way trade with the Philippines amounted to U.S.$343 million, representing a growth of U.S.$18 million over that of 1984: Of the total U.S.$329 million came from exports while U.S.$104 million was from imports.

In the first five months this year, the ROC exports to the Philippines reached U.S.$124 million against imports of U.S.$62 million.

To promote its foreign trade, the Philippines recently opened its market to more than 360 items of foreign products, most of them industrial raw materials, which are not produced there. To decrease import costs in the wake of the recent appreciation of the Japanese yen, its industrial and trade officials suggested that imports from the ROC, South Korea, and Hong Kong be increased.

The Aquino Government is also seeking economic and technology assistance from developing countries and newly developed Asian countries. In June, an ROC industrial and trade mission led by legislator Chien Yu-hsin received a big welcome during a visit there. They called on several related units of the Philippine Government.

PRC THREE-YEAR RECTIFICATION CAMPAIGN 'BIG FLOP'

OW082041 Taipei CNA in English 1446 GMT 8 Jul 86

[Text] Taipei, July 8 (CNA) -- The following is a commentary by the Broadcasting Corporation of China in Taipei entitled "Another Big Flop":

The Chinese Communist Party has promised to spend at least another decade conducting a rectification campaign to root out economic crime, the latest edition of the theoretical journal RED FLAG was quoted as saying.

The bi-monthly said in its words "since the hotbed for economic and other crimes will exist for quite a long time to come, the struggle against these crimes will also persist."

RED FLAG said the party promises to spend two years of intense efforts, followed by another 10 years of work to change party conduct and the social atmosphere for the better.

The RED FLAG article is nothing if not an open admission by Peking that its three-year party rectification campaign launched in late 1983 has been a dismal failure like many other similar attempts before.

The 1983 drive was launched with ballyhoo. The party leadership vowed to wipe out leftism, corruption and other unhealthy practices by the end of this year. Now they are saying that at least another decade will be needed to accomplish the task.

The RED FLAG's tacit admission of failure is another proof that the Chinese Communist regime is long in making promises but short in delivering on them.

The first official indication that the rectification campaign has faltered came last February when party chief Hu Yao-pang announced a new crackdown on economic crimes among senior cadres and their offspring at an 8000-cadre rally.

Since then, nothing has been accomplished. Only a few middle-ranking cadres have been disciplined for "unhealthy tendencies." Not a word has been said about the "tigers" that have reportedly come under investigation for their economic offenses. They include the children of Hu himself, Premier Chao Tzu-yang and Peng Chen, chairman of the National People's Congress.

Peking's party rectification drive is doomed to failure because it is an impossible task. The RED FLAG is right in saying that "corruption and economic and other crimes may have something to do with the reform and open door policy, but they are not the inevitable outcome of the policies."

That had been borne out by the fact that the Chinese Communist Party had become rotten to the core long before Peking started economic reforms. The open door policy has only made the situation worse.

The underlying cause is the totalitarian nature of the communist rule. As the saying goes, "power breeds corruption. Absolute power leads to absolute corruption."

By upholding the so-called "four basic principles," the Chinese Communist Party has condemned itself to perpetual corruption until the day of its inevitable destruction.

CHENG MING REFLECTS ON TWO PROMINENT ARRESTS

HK020439 Hong Kong CHENG ING in Chinese No 105, 1 Jul 86 pp 6, 7

["Notes on the Northern Journey" by Lo Ping: "Two Shocking Major Cases"]

[Text] Liu Shikun Was Handcuffed and Thrown Into Prison

The tiger-hunting movement of the CPC looked powerful, vivid, and dynamic at first. But before long it looked as if it would have a brave beginning but weak ending.

Why has it come to this? The principal reasons are known to all: It is difficult to hunt tigers and to find Wu Song [legendary hero who killed a tiger bare-handed]. Although some tigers have been caught, it is difficult to hit them.

For example, the CPC finds it difficult to handle the Liu Shikun case.

Liu Shikun, an outstanding pianist of China and a former favorite son-in-law of Marshal Ye Jianying, has engaged in business in recent years and made money. Some time ago he went to the United States. He made a stopover in Hong Kong when he returned. In May, however, he was arrested by personnel from the Ministry of State Security with handcuffs and thrown into prison.

He Was Suspected of Carrying Drugs and Engaging in Gold Traffic

This news was quite explosive because Liu Shikun was suspected of "carrying drugs" and "engaging in gold traffic." The case is now being investigated. It was originally decided that Liu Shikun was to take part in a musical performance in Hong Kong and to meet with his fans. The plan must now be canceled.

The concert is to be conducted by the symphony orchestra of the Central Philharmonic Society. Its conductor, Li Delun, has been in Hong Kong since early June making the necessary preparations. It has a very interesting program. The piano concerto is to be played by Liu Shikun.

Plan for Putting on a Performance in Hong Kong is September Has Been Canceled

Many people in Hong Kong have a profound impression about Liu Shikun's superb skill when he played the piano in Hong Kong in the early 1960's. Now that he has been thrown into prison, his place will have to be taken by another pianist. The 40-year-old Shi Shucheng, who graduated from the piano department of the Central Music Institute, will probably take Liu's place.

After Liu's arrest, people in the Beijing musical circles were talking about the matter. Many people said that a successful and well-known musician should not have ignored his proper occupation and committed offenses against law and discipline. Who knows Liu Shikun's personal concept of value? They found it difficult to understand Liu's degeneration.

The Number of Girls With Whom Liu Has Dallied Is Uncountable

A friend in the musical circles told me, however, that there were indications of Liu's degeneration as far back as the early 1960's. When he was studying at the Central Musical Institute, he had perfectly known how to "enjoy life." Before and after he married Ye Jianying's daughter Ye Xiangzhen (Lingzi), he was always unconventional and unrestrained. The number of girls with whom he had dallied was uncountable. [paragraph continues]

Out of "good intentions" (everybody knows that President Zhao Feng is a good man), liberal-minded president Zhao of the musical institute did not report this to the higher authorities. More important, Liu Shikun was secure in the knowledge that he was in the good graces of his father-in-law and was inordinately proud of his skill in playing the piano. Thus, although the sound under his touch is sweet and melodious, his soul has gradually been stained with dirt. Over the past few years, he has thrown himself into the money-making business and, as the saying goes, "it was like going to a fish market and getting used to the stink." His artistic life has ended. He has fallen into a bottomless chasm.

Rumors About Ye Jianying Often Going Into a Coma

It is believed that it will take a long time to handle the Liu Shikun case because he was once Ye Jianying's favorite son-in-law. If Liu should be sentenced to severe imprisonment for his crimes, it would certainly represent a serious psychological blow to Ye Jianying. For this reason, in dealing with Liu Shikun the CPC "hesitates to pelt a rat for fear of smashing the dishes beside it."

People have always been concerned about Marshall's Ye's health. Several months ago, a photograph showing Marshall Ye sitting in a wheelchair with his family members was carried in newspapers. Recently, however, there have been rumors that the old man ofter goes into a coma. Some people guess that it is precisely for this reason that Liu Shikun has been imprisoned.

Sixteen Females File Charges Against Hu Qiaomu's Son

There is another case which the CPC finds even more difficult to handle than the Liu Shikun case. It is the case of Hu Qiaomu's son Hu Shiying.

Some people in Beijing hold that this is a fast knot and that, if the Hu case cannot be dealt with appropriately, it will be even more difficult to handle other cases.

The Hu Shiying case is a headache for the CPC because it is not only a criminal case of swindling as disclosed before, but is also similar to the Hu Xiaoyang case.

An informed person said that from the day he worked as a RENMIN RIBAO reporter to his arrest, Hu Shiying was always a playboy dallying with females. After his arrest, nobody filed charges against him at first. Recently, however, 16 victimized females have decided to file charges against him. Many people in Beijing have been talking about the matter. They said that if Hu Xiaoyang, the son of Shanghai Municipal People's Congress Standing Committee Chairman Hu Lijiao, had been sentenced to death for raping women, there is even more reason to sentence to death Hu Shiying who is both an economic and a criminal offender.

The Moral Court Has Sentenced Hu Shiying to Death

In the eyes of Beijing residents, Hu Shiying has been sentenced to death.

In truth, the CPC will be placed in a very awkward position even if it sentences Hu Shiying to life imprisonment instead of death. This is because Hu Qiaomu is an "theoretical authority" of the CPC. Hu Yaobang said: "The commander in chief on the political and ideological fronts is Hu Qiaomu." How can the commander in chief," who has failed to educate his son, convince the people after his son is sentenced to imprisonment? This is a big question.

As a matter of fact, Hu Qiaomu's popularity has been dropping to the zero point. His ugly behavior before and after his son was arrested, in particular, has made him even more unpopular.

Hu Shiying Will Probably Be Executed by Shooting

Obviously, on the question of whether the CPC will adhere to rule by law, the Hu case has put the CPC to a severe test. If the sentence "all people are equal before the law" is not a lie or empty talk, Hu Shiying can hardly escape death if his crimes do not prove graver than those of Hu Xiaoyang.

Can the CPC stand up to the test?

An authoritative source says that Hu Shiying will probably be sentenced to death and that no reprieve will be granted. Some people hold that this is only a trial balloon and others say that it is aimed at ironing out the grievances of the people. Of course, there are also people who accept it as true.

In dealing with any criminals or suspected criminals, the CPC should act with care. In CHENG MING No 5, I pointed out that the CPC was unjust in dealing with Zhang Changsheng and Ye Zhifeng (Ye Fei's daughter). Some people on the mainland have also openly aired similar viewpoints. For example, in an article recently carried in SHANGHAI FAZHI BAO (SHANGHAI LEGAL NEWS), legal expert Lu Husheng raised the question of inappropriate penalties having been imposed on Zhang and Ye. Hu Shiying may have committed more serious crimes than Hu Xiaoyang because, besides gaining a huge sum of money by cheating, he has also committed other criminal offenses. Nevertheless, I also pointed out in the "Notes on the Northern Journey" that it was excessively severe to sentence Hu Xiaoyang to death.

What About Another Master Hu -- Hu Deping?

There is Hu Xiaoyang in the south and Hu Shiying in the north. Both can be regarded as typical representatives of the degenerated "prince party."

Another master Hu -- Hu Yaobang's eldest son Hu Deping -- is another model of senior cadres' children. Hu Deping was once suspected of irregularities, but it was a groundless suspicion. In an effort to verify various reports on Hu Deping, I have spent much time gathering news. In the next issue of CHENG MING, I will make a report to the readers on the results of my investigation.

CHENG MING ON PRC LITERATURE, ART WORLD LEADERSHIP

HK030609 Hong Kong CHENG MING in Chinese No 105, 1 Jul 86, pp 8-9

["Notes on a Northern Journey" by Lo Ping: "Hu Qiaomu and Deng Liqun Suffer Heavy Casulities"]

[Text] The Downfall of a Hatchet Man

Although officials in the higher echelons of the CPC have repeatedly denied the existence of reformers and conservatives in the party, the objective facts are that not only do factions exist in the party, but that faction-fighting within the party is going on uninterruptedly. The recent round of struggle centered on the leadership of the nation's literature and art circles. The outcome of the struggle was that the reformers removed one of Hu Qiaomu and Deng Liqun's capable persons -- Zhao Xin, secretary of the leading party committee of the All-China Federation of Literature and Art, was removed from his post between May and June.

Zhao Xin is not well-known abroad. Nevertheless, he is one of the top people in the CPC's literature and art work. He has had the leadership of the Chinese Dramatists Association in his hands for quite some time and eventually, he managed to assume the high leadership position in the All-China Federation of Literature and Art. What is extremely detestable is that this veteran communist, who has written plays, has always been strangely "leftist" in thinking and has served as the hatchet man for Hu Qiaomu and Deng Liqun in literature and art circles for many years. He was very active in the movements to "eliminate pollution" and to "combat bourgeois liberalization." He participated in attacking such people as Zhou Yang, Xia Yan and Wu Zhuguang, and in banning the staging of the drama "Wm (We)." The fact that the fifth National Congress of Writers, which was scheduled to be held last year, did not materialize, is not unconnected with Zhao Xin, who made a stormy sea stormier, and recklessly created disturbances in the literature and art community.

Xi Zhongxun Acts as a "Peacemaker"

At the dramatists' representative conference held last year, Wu Zhuguang shot his mouth off attacking Zhao Xin. He quoted the remark: "Knowing shame is akin to courage," meaning that Zhao Xin did not know shame. Zhao Xin and his followers flared up at this and lodged complaints against Wu Zhuguang with Xi Zhongxun, accusing Wu of swearing at them. Then Xi Zhongxun had a conversation with Wu Zhuguang but did not know the right way to solve the problem, because the latter maintained that he had only said "knowing shame is akin to courage" and had sworn at no one. Wu Zhuguang's speech at the conference enjoyed immense popular support, because he had said what many people did not dare utter.

Zhao Xin -- "Another Zhou Erfu"

After the case of Zhou Erfu, Zhai Xin had a good reputation as a "another Zhou Erfu." The so-called "another Zhou Erfu" refers to Zhao Xin's sexy news during his previous overseas tours. One year, a female Spanish interpreter accompanied Zhao Xin on an overseas tour. She was already betrothed to a boyfriend with whom she was passionately in love, and was ready to get married immediately after she returned home. But later it turned out that the bridegroom who appeared at the wedding ceremony was, unexpectedly, Zhao Xin. When visiting Japan, Zhao Xin was involved in "romantic" hearsay. It was said that the hearsay was backed up with a relevant photo showing Zhao Xin embraced a Japanese geisha from the back, with his hands on her chest. Nobody knows who took the photo and sent it to the CPC's leading figures. Hence, there is a document stating that Zhao Xin is not suitable for participation in future foreign affairs work. Mrs Zhao was extremely indignant over the case. Zhao Xin had to lead a gloomy life for quite some time. However, Deng Liqun protected Zhao Xin in the end. Deng made personal phone calls to various literature and art associations, asserting that Zhao Xin was not problematic, his post remained unchanged, and he would do his work as usual, thus saving Zhao Xin from embarrassment. With the occurence of the Zhou Erfu case, people maintained that Zhao Xin's behavior was similar to Zhou Erfu's and even out did it. The only difference was their lots. Hence, people gave him the nick name of "another Zhou Erfu."

This hatchet man for Hu Qiaomu and Deng Liqun has now fallen from power and Wu Zhuqiang, younger brother of Wu Zhuguang, president of the Central Conservatory of Muic, has taken over the post as secretary of the leading party committee of the All-China Federation of Literature and Art. Writers and artists were all overjoyed with this outcome, saying that the CPC policymakers had done another good thing.

The Antithetical Couplet Sent to Zhu Muzhi

The "good thing" done prior to this was in replacing Minister of Culture Zhu Muzhi with Wang Meng.

Before assuming the post of minister of culture, Zhu Muzhi was director of RENMIN RIBAO. While in office as the newspaper director, Zhu Muzhi in effect played the role of a manager who looked after matters, such as buying paper. During his tenure of office as the minister of culture, his subordinates sent him an antithetical couplet. The first vertical line reads "having a great determination while one is still not clear about the situation." The second vertical line reads "making a lot of proposals while one does not know for certain how things stand." The horizontal line reads that "the Ministry of Culture is culturally illiterate." This is a sound portrayal of His Excellency the Minister of Culture. Being made use of by Hu Qiaomu and Deng Liqun, Zhu Muzhi spared no effort in movements such as that to "eliminate pollution," thus arousing dissatisfaction in the literature and art community. Wang Meng is far more learned than Zhu Muzhi. Before and since assuming office as minister of culture, Wang Meng has done some good things. (For example, he twice helped Bei Dao get approval to go to Europe. Another example was when a group of young writers who had freely stated their enlightened remarks during their European tour returned home and were secretly investigated by certain people, Wang Meng personally acted as sponsor for them, thus getting them out of the danger of being investigated.) Therefore, he has been well received by writers and artists. Hu Qiaomu and Deng Liqun are dissatisfied with the reorganizaton of the Ministry of Culture, including the appointment of the fairly open-minded Gao Zhanxiang as vice minister.

The Reorganization of the Central Propaganda Department

What made writers, artists, and theoretical workers feel particularly happy is the reorganization of the Central Propaganda Department. In the early days after Zhu Houze took up his post as director of the Central Propaganda Department, people took a wait-and-see attitude. Later it turned out that he did fairly well in handling the Ma Ding and Liu Zaifu cases. It was Zhu Houze who was most energetic in protecting Liu Zaifu. He Jingzhi, a subordinate of the former director Deng Liqun, is one of the five members of the leading body of the Central Propaganda Department, ranking last. However, being senile and unwell, He Jingzhi cannot play any significant role in the body. The days of Hu Qiaomu and Deng Liqun in the higher echelons of the Central Propaganda Department have gone and will never return.

However, Deng Liqun has not yet lost power and influence in the intermediate echelons of the Central Propaganda Department. Before leaving office, he had put large groups of his followers in key positions, forming a considerably large force. Commenting on the situation, some people said: "The Liu Zaifu case is the beginning and not the end of the struggle." But as to whether this is really the case will be disclosed in the ensuing chapter.

Chen Yong's Behind-the-Scenes Backers -- Xiong Fu -- Hu Qiaomu and Deng Liqun

Of course, it would not be true to say that the power and influence of Hu Qiaomu and Deng Liqun have completely disappeared from the higher echelons of the propaganda front. Besides He Jingzhi, Xiong Fu at least is also their man. He is the chief editor of the magazine HONGQI. Xiong Fu has been "leftist" in thinking and action for quite sometime, although sometimes he manages to dress himself up. A diehard "leftist," Xiong Fu is a man of the Hu Qiaomu, Deng Liqun, Lin Mohan, and Chen Yong school. [paragraph continues]

When informed that Chen Yong was writing an article critical of Liu Zaifu, Xiong Fu gave counsel to publish it in HONGQI. This exposed his sides and viewpoints opposed to conducting reforms and concentrating on developing the productive forces. Xiong Fu must be held responsible for the "Liu Zaifu case." Had Zhu Houze not meddle in the case, GUANGMING RIBAO would have reprinted Chen Yong's article, lashing out at the literature and art as well as theoretical circles and at the forces of reform. Now the "Liu Zaifu case" is over. Deng Liqun, Chen Yong, and Xiong Fu lifted a rock only to drop it on their own feet. Instead of being frightened by the case, writers, artists, and theoretical workers are marching ahead with full courage.

This has become a law: Whoever bludgeons popular writers and theoreticians, whose works have been well received by the masses of people, will have bad luck.

There is another law: In the literary world, if the "leftists" attack people and their works, this will create a wave of combating "leftism," leading to the continued development of explorations in literary creation and in theory.

We hope that the CPC will understand these laws. The guiding thought in the ideological field must not be to withdraw but to open. To do a good job of reforms, it is necessary to genuinely and sincerely let a hundred schools of thought contend and not to set up forbidden zones and impose administrative intervention. Otherwise, one will keep going round and round pursuing sham democracy and economic restructuring will not succeed.

U.S. PROTECTIONISM TERMED 'DUPLICITOUS'

HK030224 Hong Kong SOUTH CHINA MORNING POST in English 3 Jul 86 p 10

[Editorial: "Shameful Display of American Duplicity"]

[Text] A few years ago General Alexander Haig described the British as "duplicitous.' The protectionist mania in the United States demonstrates that duplicity is not the sole prerogative of one nation.

On the one hand we have a White House incumbent who has paid so much lip service to free trade his mouth must hurt. On the other we have the Jenkins Bill just waiting for a chance to "sock it" -- as the Americans would say -- to countries which have the audacity to produce cheap, attractive clothes which Americans would buy up by the container-load if they were given the chance.

On the one hand, also, we have American industrial clamouring for ever more stringent restrictions on textiles, cars, electronics and other goods from overseas. On the other, we have American industry bleating because its goods are denied access (on a very limited scale) to certain countries who are sick of being bullied by the U.S.

A further example demonstrates duplicity is not unique to the eastern shores of the Atlantic: the Americans send delegations junketing around the globe looking for deserving cases among Third World countries to whom preferential export treatment is then given. Their assessment of what constitutes a worthy cause caused one U.S. diplomat to comment recently that unless they see a water buffalo roaming the streets outside the airport, these delegations consider their host country to be fully developed.

Hong Kong is well placed to feel the full force of U.S. hypocrisy. If a U.S. manufacturer can find a market for his products in Hong Kong, he is welcome to exploit it. The U.S. Government responds by demonstrating its utter ignorance about Hong Kong's unique situation, and while making strenuous efforts to woo the Chinese it forgets that Hong Kong is China's prodigal son about to return to the fold.

The temptation to demand a boycott of American goods by Hong Kong consumers is hard to resist, but it is unlikely to have any beneficial effect. What is needed is a massive education effort aimed at dissuading U.S. legislators from lumping Hong Kong along with South Korea and Taiwan. We are a special case and should be treated as such.

The fear now is that ill-informed members of Congress -- seeing this week's U.S.-Hong Kong textile agreement as a victory for the wily Orientals rather than a shameful display of narrow self-interest by the Americans -- will be spurred into over-riding President Reagans' veto of the appalling Jenkins Bill. The need to educate America is more urgent than ever.

CHANGE IN REFUGEE POLICY NEEDED URGENTLY

HK071159 Hong Kong SOUTH CHINA MORNING POST in English 7 Jul 86 p 10

[Editorial: "Refugee Policy Must Be Changed -- Now"]

[Text] The need for a change in the policy of the Hong Kong Government towards Vietnamese refugees is more urgent than ever. Saturday's arrivals mean that more refugees have arrived so far this year than turned up on our shores in the whole of 1985. While the Danish Government will accept the 131 picked up by the Charlotte Maersk, the refugee "season" is only just beginning and the prospect is that many more will be on their way.

Hong Kong has been almost totally abandoned by the international community; we have extended a great deal of humanity towards earlier refugees but our reward has been a drying up of resettlement offers from third countries. Our closed camp policy -- widely reviled by British politicians with finely-tuned headline-grabbing instincts but little common sense -- now seems to have lost any deterrent effect it may have had. The result is that, with all signs pointing towards an alarming increase in boat people, Hong Kong could be permanently stuck with an ever-growing refugee population.

We must learn, simply and bluntly, to say "no." Other countries in the region have been doing just that for some years now. The result is that refugees give them a wide berth. Why should Hong Kong -- which has enough problems of its own to deal with -- become a haven for people whose reasons for fleeing their native land is highly suspect?

Unless some sort of repatriation scheme can be arrived at with the irresponsible and feckless Vietnamese Government, future arrivals should, at the most, have their vessels patched up, their stores replenished, and then be sent on their way. Hong Kong has had enough.

Rather than trying to close its eyes to what is happening here and hoping the problem will go away, the British Governments should be acting as Hong Kong's voice in the United Nations. It must demand a stepping up of resettlement efforts and, more important, should put every pressure on the world community to force Hanoi to put its own house in order. The current wave of refugees -- if they deserve that name -- are leaving Vietnam because their homeland is in an intolerable economic mess. And the suspicion of official collusion in the current exodus is more than a passing thought.

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CELEBRATION OF PRC-DPRK AMITY ANNIVERSARY CONTINUES

Wan Li Hosts Banquet

OW101404 Beijing XINHUA in English 1348 GMT 13 Jul 86

[Text] Beijing, July 10 (XINHUA) -- Acting Premier Wan Li gave a banquet here this evening to celebrate the 25th anniversary of the signing of the Sino-Korean treaty of friendship, cooperation and mutual assistance.

Among those present were the Korean party and government delegation led by Yi Chong-ok, member of the Political Bureau of the Central Committee of the Korean Workers' Party and vice-president of the Democractic People's Republic of Korea, two other Korean delegations as well as Korean Embassy officials, experts and students here.

Wan said, "Since the beginning of the treaty, friendly cooperation between the two countries in the political, economic and cultural fields have yielded fruitful results, effectively promoting the socialist construction of the two countries."

Wan, also member of the Political Bureau and the Secretariat of the Chinese Communist Party Central Committee, reiterated China's consistent support to the just stand of the Korean party and government for a peaceful and independent reunification of their fatherland. "The great friendship which is based on Marxism and Leninism between our two countries will surely stand all kinds of test and continue to grow," he stressed. He urged the United States and South Korea to stop large-scale military maneuvers so as to remove obstacles to the resumption of South-North contact and dialogue.

Korea's proposals for tripartite military-level talks and for the establishment of a non-nuclear peace zone in the Korean peninsula, he said, are conducive to easing the tension on the peninsula.

Yi Chong-ok said that Korean-Chinese friendship is consolidated and dynamic, a friendship between class brothers based on genuine revolutionary justice. He pledged that the Korean people will work to develop the friendly relations of cooperation with China.

Chinese leaders Xi Zhongxun, Qiao Shi, Wu Xueqian, Chen Pixian and Hao Jianxiu were present.

Late this afternoon, Wan Li presided over a ceremony at the Plaza East of the Great Hall of the People to welcome Yi Chong-ok and his delegation.

Hu Yaobang Recieves Delegation

OW101038 Beijing XINHUA in English 1017 GMT 10 Jul 86

[Text] Beijing, July 10 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, said here today that consolidating and developing Sino-Korean friendship is the common aspiration of the two parties, two governments and two peoples of China and Korea. "It concerns not only the fundamental interests of our two peoples but also the fundamental interests of the people of the whole world," he added.

At a meeting here this afternoon with a radio and TV delegation from the Democratic People's Republic of Korea led by Chu Han-chun, chairman of the central broadcasting and television committee, Hu spoke highly of the achievements made by the Korean people in socialist construction. "The Nampo water conservancy project you have just completed is a magnificent project," he noted.

Generally speaking, Hu said, Third World countries have two major tasks: seeking national liberation and independence, and speeding up economic development. "We should sum up our experience so as to make our country and people well-off faster," he said.

Chu said broadcasting and television workers of the two countries should expand cooperation and exchange to strengthen the friendship between the two peoples. Ai Zhisheng, Chinese minister of radio, film and television, was present at the meeting.

Kang Song-san Greets Zhao

OW101744 Beijing XINHUA in English 1730 GMT 10 Jul 86

[Text] Pyongyang, July 10 (XINHUA) -- Kang Song-san, premier of the Administrative Council of Korea, today described the conclusion of the Treaty of Friendship, Cooperation and Mutual Assistance between Korea and China as "an important event in the consolidation of Korean-Chinese friendly relations."

In his message of greetings to Chinese Premier Zhao Ziyang on the occasion of the 25th anniversary of the signing of the Friendship Treaty, Kang also noted that the bilateral treaty has played an important role in the two peoples' joint struggle against imperialism and for the success of socialism and communism.

The Korean premier also expressed his belief that the blood-cemented Sino-Korean friendship and unity will, as always, be further expanded and developed on the basis of a reliable alliance.

Tian Jiyun Speaks at Rally

OW102301 Beijing XINHUA Domestic Service in Chinese 1528 GMT 10 Jul 86

[By reporter Li Tu]

[Text] Pyongyang, 10 Jul (XINHUA) -- The Pyongyang City WPK Committee and the City People's Committee held a report meeting to mark the 25th anniversary of the Korean-Chinese Treaty of Friendship, Cooperation and Mutual Assistance in the February 8 Cultural Hall this afternoon.

Korean party and government leaders O Chin-u, Kang Song-san, Yon Hyong-muk, Kim Yong-nam, O Kuk-yol and So Yun-sok attended the meeting.

A Chinese party and government delegation led by Tian Jiyun, member of the Political Bureau and the Secretariat of the CPC Central Committee and vice premier of the State Council, attended the meeting on invitation.

Kang Song-san, member of the Political Bureau of the WPK Central Committee and Premier of Korea, and Chinese Vice Premier Tian Jiyun each addressed the 6,000-people meeting.

Kang Song-san emphasized in his speech: The signing of the Korean-Chinese Treaty of Friendship, Cooperation and Mutual Assistance was an epoch-making event. The treaty has further strengthened and developed the Korean-Chinese friendship that was cemeted with blood during a long, common anti-imperialist struggle, and has put it on a solid legal foundation.

Kang Song-san pointed out: In the past 25 years, the treaty has contributed to constantly expanding and developing the friendly relations and cooperation between the Korean and Chinese peoples, promoting the socialist construction in the two countries, and safeguarding peace in Asia and in the world.

Kang Song-san also spoke highly of the Chinese people's achievements in construction. He said: The Chinese people are making positive efforts to seek Taiwan's return to the embrace of the motherland, reunify their country and safeguard peace in Asia and in the world. The People's Republic of China is growing in strength to become a great force for peace in Asia and is playing a great influential role in international relations. We believe that the Chinese party and government will make greater achievements in implementing their independent, peace-loving foreign policy.

In conclusion, Kan Song-san said: The Korean people will, just as in the past, always be devoted to their obligations to the Korean-Chinese Treaty of Friendship, Cooperation and Mutual Assistance. We will always join the fraternal Chinese people in fighting side by side on the glorious road of struggle for peace and for the victories of socialism and communism.

Tian Jiyun pointed out first in his speech: Our respected and beloved Comrade Zhou Enlai and the Korean People's great leader Comrade Kim Il-song signed the Chinese-Korean Treaty of Friendship, Cooperation and Mutual Assistance and added a brilliant page to the history of Chinese-Korean relations 25 years ago. He emphasized: Facts in the past 25 years have shown that the treaty has stood the severe test of time and the changeable international situation and displayed a great vitality.

He said: Abiding by the treaty, the parties and governments of China and Korea have strengthened unity, promoted friendship, sincerely cooperated with each other, and helped each other. They have not only promoted the relations between the two parties and between the two governments, but have also played an important role in safeguarding peace in Asia and in the world.

On Korea's reunification, Vice Premier Tian Jiyun said: Over may years, the WPK and the DPRK Government have put forward many reasonable propositions for easing tension on the Korean peninsula and for independent and peaceful reunification of the motherland. In particular, the proposal made by President Kim Il-song on the establishment of "the Democratic Confederal Republic of Koryo" advocates a reunification on the basis of mutual recognition and mutual tolerance of each other's ideology and political system between the North and the South. The proposal has pointed the way for Korea's independent and peaceful reunification and embodied the common aspirations of all Korean people.

He emphasized: China, as a close neighbor and comrade-in-arms of the DPRK, is very concerned about the situation on the Korean peninsula. We firmly support your just stand and all your reasonable propositions. We hope that the United States and South Korea will make a positive response and do something helpful to ease tension on the Korean peninsula, restore North-South dialouge, and hold tripartite talks.

Tian Jiyun also praised the Korean people for their achievements in socialist construction, and told about China's construction.

Also this afternoon, the Chinese party and government delegation, accompanied by Yon Hyong-muk, laid wreaths at the tombs of Korean revolutionary martyrs in Taesongsan and at the tower of Korean-Chinese friendship. In the evening, the Korean Wansudae Art Troupe gave a performance for the Chinese party and government delegation.

Hu Yaobang Meets DPRK Group

OW110818 Beijing XINHUA in English 0756 GMT 11 Jul 86

[Text] Beijing, July 11 (XINHUA) -- General Secretary Hu Yaobang of the Chinese Communist Party Central Committee said here today that China will continue its efforts to promote the Sino-Korean friendly relations and cooperation.

Hu made these remarks at a meeting at Zhongnanhai here with a Korean party and government delegation headed by Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president of the Democratic People's Republic of Korea.

He said China resolutely supports the Korean people's just stand for an independent and peaceful reunification of the fatherland. It is the common desire of 60 million Korean people, he added.

Yi Chong-ok said since China and Korea signed the Treaty of Friendship, Cooperation and Mutual Assistance in 1961 they have tremendously contributed to the development of their friendship forged in a long and protracted struggle and to safeguarding peace in Asia and the rest of the world. It is a firm policy of the Korean Workers' Party and government to strengthen and development the Korea-China friendship, he stated.

Following the meeting, Hu gave a luncheon for the Korean delegation.

Present on the occasions were Wu Xueqian, member of the Political Bureau of the CPC Central Committee and state councillor, and Zhu Liang, head of the International Liaison Department of the CPC Central Committee.

Also present was Choe Chong-kun, member of the Central Committee of the Korean Workers' Party and minister of foreign trade, who is accompanying Yi Chong-ok on the visit.

Sino-Korean Friendship Viewed

HK110328 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 11 Jul 86 p 2

[Editorial: "The Great Sino-Korean Friendship Is Everlasting]

[Text] Today is the 25th anniversary of the signing of the Treaty of Friendship, Cooperation, and Mutual Aid between China and Korea. With profound fraternal feeling for the Korean people, the Chinese people warmly celebrate this historical day.

On this very day 25 years ago, our beloved Comrade Zhou Enlai and the Korean people's great leader Comrade Kim Il-song signed a treaty on behalf of the two countries. This was a tremendous event in the history of friendly relations between China and Korea. Since then, the militant friendly relations cemented in the Chinese and Korean peoples' prolonged common struggle has been fixed in the form of a treaty. Through various tests over many years and the constant changes in the international situation, this treaty has displayed its great vitality. It has not only promoted the continuous development of the great friendship and close cooperation between the two countries, but also played a tremendously great role in safeguarding the security of the two countries and peace in Asia.

The fighting friendship between the Chinese and Korean parties, states, and peoples has a solid historical foundation. Over the past years, the frequent exchange of visits and cordial meetings between the leaders of our two countries have further strengthened the unity and cooperation between the two countries and pushed the relations between them into a new stage of profound development. Compared with 25 years ago, the exchanges and cooperation between China and Korea in politics, economics, culture, education, science and technology, and other spheres have grown not only in quantity but also in scope. The forms of the exchanges and cooperation have become increasingly diversified and the contents increasingly rich. In the process of the friendly exchanges and cooperation in many spheres, our two peoples have learned from and helped each other, supplied each other's needs, learned from each other's strong points to offset their weaknesses, and thus further consolidated and developed the great friendship between China and Korea.

Under the leadership of Comrade Kim Il-song and the Korean Workers Party and through prolonged hard efforts, the industrious and ingenious Korean people have built Korea into a prosperous socialist country. Today, the Korean people have realized their 10 major long-term goals for the 1980's, created a happy life for themselves, and scored new achievements. Through continuously expanding its friendly contacts with other countries, the Democratic People's Republic of Korea has greatly heightened its prestige in the world. The Chinese people are very happy about the magnificent achievements scored by the Korean people.

What is similarly heartening is that the spirit of friendly cooperation between our two countries has been fully displayed in the course of supporting each other to achieve the reunification of our countries and safeguarding Asian and world peace. We will never forget the Korean party's, government's, and people's valuable and persistent support for the Chinese people in the Chinese people's struggle to realize their great cause of reunification. The Chinese party, government, and people also always give vigorous support to the Korean people's just struggle for the independent peaceful reunification of their motherland and regard this as their bounden international duty. For a long time, the Korean Workers Party and the government of the Democratic People's Republic of Korea have put forth various reasonable ideas and proposals to ease tension on the Korean peninsula, facilitate dialogue between northern and southern Korea, and realize the unification between North and South. In particular, the scheme put forward by President Kim Il-song on the establishment of a highly Democratic Federal Republic of Koreas has pointed out a feasible direction and way for the peaceful reunification of Korea. Over the past few years, initiated by the northern party of Korea, the northern and southern parts have conducted contacts and dialogue through many channels. We steadfastly support northern Korea's just stand and all its reasonable views. [paragraph continues]

We are deeply convinced that through unremitting efforts, the situation of division on the 3,000 kilometers of Korea's beautiful land will finally end and the over 50 million northern and southern Korean peoples will finally realize their great national reunion. The Chinese people sincerely hope that the friendly Korean people score even greater new achievements in their socialist construction and in their sacred cause of independent and peaceful reunification of their motherland.

DISTORTIONS REMAIN IN REVISED JAPANESE TEXTBOOKS

OW101849 Beijing XINHUA in English 1811 GMT 10 Jul 86

["Distorted Facts Remain in Approved Japanese Textbook, Observers Say (by Zhang Huanli)" -- XINHUA headline]

[Text] Tokyo, July 10 (XINHUA) -- Several facts concerning the 1937-45 war of aggression against China launched by the Japanese militarists remain distorted in a revised Japanese textbook for high schools approved by the Japanese Government Monday, political observers here said.

Some even believe that the revised textbook still does not explicitly recognize the war of aggression during that period, although appreciation should be given to the Japanese Government for having repeatedly called for correction.

As not a word was mentioned about the aggressive policies of the Japanese militaries, the textbook, compiled by the National Council for the Defense of Japan, evoked sharp criticism by the media within and outside of Japan when it was first approved by the Japanese Ministry of Education in late May. Some Asian countries and regions concerned demanded that the Japanese Government correct the distorted textbook.

The Japanese Government instructed and urged for four times the compiler to revise it in a bid to soften dissatisfaction of the Asian nations and people. Prime Minister Yasuhiro Nakasone also repeatedly stressed that the textbook should be revised based on a 1982 promise by the Japanese chief cabinet secretary. After a month-long postponement due to thwarting by a handful of people, the revesion of the textbook was completed basically at the promptings of the Japanese Government.

According to local press reports, there are records and narrations in over 30 places concerning the history of Japan with Asian nations in the reapproved textbook.

As to the "nation of Manchuria," a puppet regime in northeast China created by the Japanese militarists in 1931, the revised textbook takes out the narration about establishing "the rule of right and the land of happiness."

As to the "Lugouqiao incident" staged by Japan near Beiping (now Beijing) in July, 1937, which set off Japan's all-out war of aggression against China, the original textbook said that the Japanese troops were forced to meet the attack from China. Now the revised one says that "the Japanese troops stationed there took an active military action, despising the already-signed truce agreement on the spot."

As to the "Shanghai incident" in August of the year, the original also said that the Japanese troops were forced to meet the attack from the Chinese troops. The revised one says that "facing the increase of troops by Japan, Chiang Kai-shek issued an order of general mobilization, and the troops of the communist party also joined the battlefront, thus expanding the front into the whole territory of China."

As to the holocaust perpetrated by Japanese troops in Nanjing in that year, which was glossed over in the original textbook, the revised one says that "the Nanjing battle was extremely fierce. The Japanese troops were condemned by the international community (for the so-called 'rape of Nanjing') for the killing of many Chinese soldiers and civilians by the Japanese troops after the fall of the city."

Relating to the Pacific war, which was whitewashed as "the sacred war of greater East Asia," the revised textbook has deleted the narration in the original one that the war was Japan's efforts to "liberate Asia from the rule of European and American powers and to build a greater East Asia co-prosperity sphere."

JAPAN'S GSDF REGARDS USSR AS 'MAIN ENEMY'

OW091555 Beijing XINHUA in English 1513 GMT 9 Jul 86

[Text] Tokyo, July 9 (XINHUA) -- A "future conception" by Japan's Ground Self-Defense Force [GSDF] today indicated it will explicitly "regard the Soviet Union as the main enemy" and make itself a "competitive force" in the Western World. The Ground Self-Defense Force, Japan's name for its Army, began work last year on the program, which details and forecasts strategy, equipment needs and establishing army units from the 1990s to the early 21st century, the newspaper "ASAHI SHIMBUN" reported today.

The force will "make itself a wing in the Western bloc, and enable itself the strength to prevent war," according to the paper. The newspaper said the force's equipment in the future will be increased one or two times. The force believes that to prevent Soviet forces from landing, it is urgent now to improve its ability of a coastal counterattack and strengthen its air defense.

The paper said that the force will dispose its main units and equipment to northern Japan -- the Hokkaido islands -- and the troops in southwest Japan will establish "light infantry divisions" to give the north prompt assistance in case of a war.

ZHAO ZIYANG CONTINUES EUROPE-AFRICA TOUR

Arrives in Greece

OW101028 Beijing XINHUA in English 1007 GMT 10 Jul 86

[Text] Athens, July 10 (XINHUA) -- Chinese Premier Zhao Ziyang arrived here at 11:10 this morning for an official goodwill visit to the Hellenic Republic after winding up his tour of Romania and Yugoslavia. When Zhao alighted from the special plane, he was greeted by Greek Prime minister Andreas George Papandreous and Foreign Minister Karolos Papoulias. Papandreous welcomed him with a warm hug before he introduced greek high-ranking officials to the Chinese premier.

This is a return visit by the Chinese premier at the invitation of his Greek counterpart, who visited China last April.

In a statement released at the airport, Premier Zhao said the purpose of his visit is to deepen mutual understanding, promote friendship and cooperation, and safeguard world peace. He said he was looking forward to continuing talks with Prime Minister Papandreou which were started in Beijing three months ago.

"I would like to avail myself of this opportunity to meet my old friends and make new ones, and to acquaint myself with and learn from the achievements and experience gained by the Greek people in their national construction," Zhao said. He said he hoped that the visit would further the relations of friendship and cooperation between China and Greece.

After the playing of national anthems of the two countries, the Chinese premier reviewed a guard of honor. He was then welcomed by diplomats and staff of the Chinese Embassy and representatives of the Chinese students studying here.

Accompanied by the Greek prime minister, Zhao drove to Astir Palace Hotel where he stays during the visit. He is expected to meet his Greek counterpart at the host's villa by the seaside before noon.

Greece is the third leg of Zhao's Balkan-Mediterranean region tour. The tour also includes Spain, Turkey and Tunisia.

Speaks at Banquet

OW101956 Beijing XINHUA in English 1944 GMT 10 Jul 86

[Text] Athens, July 10 (XINHUA) -- The Mediterranean should become a sea of peace and friendship instead of a place to show off arms, visiting Chinese Premier Zhao Ziyang said here today.

Speaking at a welcome banquet given in his honor here this evening by Greek Prime Minister Andreas George Papandreous, the Chinese premier said he was deeply concerned about the grave situation that appeared not long ago in the Mediterranean region and urged all sides concerned to restrain themselves and ease the situation through conversation and consultation.

Zhao arrived here this morning on the third leg of is Balkan-Mediterranean tour following a visit to Romania and Yugoslavia.

"The Chinese Government has always held that relations between states should be strictly governed by the principles of mutual respect for each other's sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in each other's internal affairs, mutual benefit and peaceful co-existence," he said.

"Disputes between states should be settled peacefully instead of by resorting to arms or military threats. We oppose all forms of terrorism and the practice of using terrorism as a means in political struggle," the premier said.

"We also oppose acts to encroach upon the territorial sovereignty of other countries under the pretext of attacking terrorist activities," he added.

The premier stressed that the maintenance of tranquility and peace in the Mediterranean region not only conformed to the interests of the people of the countries around the sea but will also have a positive impact on the situation in Europe and the Middle East and will be of great significance to world peace.

The premier expressed his appreciation of the standing of Greek Prime Minister Papandreou and the Greek Government in promoting peace and cooperation in the Mediterranean and Balkan regions.

Premier Zhao condemned the arms race and contention for hegemony by the superpowers. "The people of the world strongly demand that the superpowers give up their attempt to seek military superiority and reach an agreement on large-scale reduction of arms through negotiation in real earnest and stop aggression against other countries and interference in their internal affairs," he said.

He expressed the conviction that the tense international situation can be eased and world peace maintained with joint efforts by the people of all countries and all peace-loving forces.

Papandreou Addresses Banquet

OW102009 Beijing XINHUA in English 1959 GMT 10 Jul 86

[Text] Athens, July 10 (XINHUA) -- Greek Prime Minister Andreas George Papandreou today promised continued efforts to strengthen friendly and cooperative relations among the Balkan states and to make the region free from nuclear and chemical weapons.

Speaking at a banquet he gave here this evening in honor of Chinese Premier Zhao Ziyang, the Greek prime minister stressed that national independence, safeguarding world peace, opposition to hegemonism, non-interference in other countries' internal affairs and respect for the rights of small and weak nations should be the basis for developing international relations, all the more so at present than in the past.

Zhao flew in this morning from Yugoslavia on the third leg of his Balkan-Mediterranean tour. This is his return visit to Prime Minister Papandreou who went to China thre months ago.

The Greek prime minister expressed appreciation for China's stand on ending arms race as the first step toward a thorough reduction of arms and China's support for the peace and arms reduction proposals put forward by leaders of Argentina, Sweden, Tanzania, Greece, India and Mexico.

He noted that the Soviet Chernobyl accident, which has made ordinary citizens feel clearly the threat of nuclear power, was a strong indication to the necessity for international cooperation in the peaceful use of nuclear enegry and to the correctness of the struggle waged by governments of various countries to reduce step by step and ultimately destroy all nuclear weapons on this planet.

He said that China' efforts toward settling disputes by peaceful means and eliminating sources of crises in the world were beneficial to consolidating the reapproachment and peaceful atmosphere expected by all.

The Greek prime minister said that the supported Premier Zhao's efforts to help improve the economic and social conditions of Third World countries, which, he said, suffer the most from underdevelopment and world economic crises the aggravate the already tense international situation.

Zhao, Papandreou Hold Talks

OW110002 Beijing XINHUA in English 2336 GMT 10 Jul 86

[Text] Athens, July 10 (XINHUA) -- Visiting Chinese Premier Zhao Zinyang held what he described as "fruitful" talks with his Greek counterpart Andreas George Papandreou here this evening.

Premier Zhao, in a brief interview with the press right after two hours of talks, said that the discussions were focused on new developments in international relations over the past three months. The two sides also exchanged views on how to further promote bilateral relations, economic and trade relations in particular, Zhao told reporters.

"I am very much delighted that we share identical or similar views on the issues we covered during the talks," he said. "Last April, Prime Minister Papandreou's China visit greatly enhanced the friendly and cooperative relations between China and Creece," he pointed out. "The fruitful talks between us augured the success of the visit I was to pay to Greece," he added.

Asked about the development of economic and trade relations between China and Greece since the Greek prime minister's visit to China last April, Zhao said that first of all China and Greece have had a better understanding of the prospects of expanding their economic and trade ties. During the Greek prime minister's China visit, many Greek businessmen touring with him had beneficial contacts with various Chinese departments, he said. Both sides have been making arrangements for a number of projects, among which some are of great significance. "I hope they will be carried out soon," he added.

When asked how he viewed the Cyprus question and the prospect of its settlement, the Chinese premier replied: "We hope that both the Greek and Turkish Cypriots will reach agreement to bring the issue to a just and reasonable settlement through friendly negotiations based on relevant United Nations resolutions."

A Chinese Foreign Ministry official told the press after the talks that the two premiers today mainly discussed the recent international situation and ways of furthering the friendly and cooperative relations between their countries. They shared "identical or similar" views on many issues they discussed, the official said.

The Chinese premier in the talks expressed his hope that the United States and the Soviet Union would enter into serious negotiations on disarmament.

He was quoted as telling the Greek prime minister that the Chinese Government is concerned over the grave situation in the Mediterranean region. The position taken by the Chinese Government, he said, is that the problems of the region should be settled by its littoral countries through peaceful means and through consultations free from outside interference. The Mediterranean Sea should not be an arena of fierce rivalry between the superpowers or a place for them to show off force; it should become, instead, a sea of peace and friendship, he said.

Zhao expressed appreciation of the Greek Government's policy of developing friendly and cooperative ties with other littoral countries of the Mediterranean and striving to ease tensions.

Prime Minister Papandreou said he was very happy that the Chinese premier had come to Greece not long after his own visit to Beijing. He noted that he was deeply impressed during that visit by the resolve of the Chinese leadership and people to accomplish their goal of modernization and to carry out reforms.

Papandreou briefed the Chinese premier on the positions taken by his government on a number of world issues, particularly the situation that appeared in the Mediterranean region not long ago.

In today's talks, the two leaders were satisfied with the progress already made in the development of Sino-Greek friendly and cooperative relations. Both expressed the strong desire to further expand bilateral cooperation in the economic, trade, scientific and technological, cultural and other fields. They promised each other to take necessary measures for this purpose.

They were described as being convinced that Zhao's visit and his fruitful talks with the Greek prime minister would give new impetus to the growth of friendship and cooperation between the two countries.

Call for Closer Relations

OW110028 Beijing XINHUA in English 2354 GMT 10 Jul 86

[Text] Athens, July 10 (XINHUA) -- Chinese and Greek prime ministers today wished for the furtherance of relations of friendship and cooperation between the two countries. Speaking at a welcome banquet given by Greek Prime Minister Papandreou here this evening in honor of visiting Premier Zhao Ziyang, the two prime ministers expressed satisfaction with the smooth-going relations between the two countries.

Zhao Ziyang arrived here this morning on the third leg of his Balkan-Mediterranean tour, which had already taken him to Romania and Yugoslavia. He was guest of honor at the banquet shortly after his talks with the Greek prime minister.

Papandreou described the relations between Greece and China as "very satisfactory," adding that they have been developing steadily.

Premier Zhao Ziyang said that there has been a good beginning of cooperative effort in the economic, trade and technical fields between the two countries, which is expected to extend to other areas.

"Though the objective conditions of the two countries are different," Prime Minister Papandreou said, "we have apparently shared similar experiences and common objectives in realizing our ideals. Just as China is persisting in its 'four modernizations' policy, so is Greece striving to consolidate its new domestic system." "The long history and ancient civilization, profound philosophical thinking and the thought about major problems concerning the progress of mankind have provided a reliable basis for maintaining and developing exchanges between the people of the two countries," he said.

Premier Zhao Ziyang said that the visit to China by Prime Minister Papandreou in April this year had given a great shove-ahead to Sino-Greek relations. "China and Greece have no conflicts of fundamental interests or outstanding problems to settle," Premier Zhao said. "As both countries are facing the common objective of developing economy and improving the people's living standards, it is both necessary and possible for them to strengthen and develop relations of cooperation in all areas. He expressed the hope that his current visit would help push the existing friendly and cooperative relations between the two countries to a higher level.

YANG DEZHI RECEIVES AUSTRIAN ARMY OFFICIAL

OW101959 Beijing XINHUA in English 1450 GMT 10 Jul 86

[Text] Beijing July 10 (XINHUA) -- Friendly cooperation between China and Austria and their Armed Forces is in the interest of the two peoples as well as world peace, Yang Dezhi, chief of the general staff of the Chinese People's Liberation Army, said here today. At a dinner to honor Othmar Tauschitz, inspector-general of the troops of the Federal Army of Austria, Yang spoke highly of the development of friendship between China and Austria. Tauschitz said despite the differences between the two countries, they share hope for freedom and peace. The two countries can learn from each other through cooperation, he said. Tauschitz and his party arrived here yesterday. He was accorded a warm welcome at an official ceremony this morning before he had discussions with Yang.

XINHUA PROVIDES NEWS TO TURKISH NEWSPAPER

OW102030 Beijing XINHUA in English 1505 GMT 10 Jul 86

[Text] Istanbul, July 10 (XINHUA) -- XINHUA NEWS AGENCY of China today officially started providing its news through special line to "GUNES" (THE SUN), one of the leading newspapers in Turkey. This is the first time that XINHUA NEWS AGENCY provides its news service to the Turkish press.

Director general of XINHUA NEWS AGENCY Mu Qing and director general of GUNES Fehmi Nuhoglu exchanged their congratulatory messages on this occasion today. Mu Qing said in his message that "through exchanges and contacts, the mass media of China and Turkey have enhanced the friendship of the people of both countries." He hoped that the cooperation between XINHUA and GUNES will expand and grow stronger.

In his message, Nuhoglu also expressed the belief that "the beginning of our cooperation will increase the mutual friendship between Turkish and Chinese societies." The daily newspaper "GUNES" started its publication on May 19, 1982. It is the third biggest daily in Turkey with a circulation of 300,000 per day. It is published in five main cities of Turkey and has more than 15 offices in major cities of Turkey and many correspondents are working for it in Turkey and in some foreign countries.

BO YIBO SPEECH ON PARTY RECTIFICATION

HK100911 Beijing LIAOWANG in Chinese No 26, 30 Jun 86 pp 9-11

["Excerpts" of speech given by Comrade Bo Yibo at a work briefing meeting of groups of party rectification inspectors: "Do a Good Job in Party Rectification in One Vigorous Effort" -- subheads added by LIAOWANG editor -- date and place not given]

[Text] The work of party rectification has been going on for over 2 years, since November 1983. Generally speaking, this party rectification has been successful. Notable progress has been made in reaching a common understanding, rectifying party work style, strengthening discipline, and purifying the party organization. We should fully affirm the success and progress that we have already achieved in a truth-seeking manner. Today, I want to give three opinions on how to continue to do a good job in party rectification.

First, we should continue our investigation and study and deepen our analysis of the current situation in our party. If we fail to have a deep knowledge of the situation related to the thoughts, work style, discipline, and organization in our party, it will be impossible for us to do our party rectification work well. This has already been repeatedly proved by the practice in our party rectification. In order to know the current situation, we should carry out investigation and study, and should particularly investigate typical cases in depth in order to know the actual situation. This has also been repeatedly proved by our practice in party rectification. For example, in order to lead the work of party rectification in our rural areas, we should go deep into several townships and villages to carry out investigation and study. Only through deep investigation and study can we know accurately what changes the economic structural reform in the past few years has brought about in the political and economic situation in each of these townships and villages and what the situation there is related to the organizations of our party and the thoughts and work style of our cadres and party members. Only when we really know the real situation well can we satisfactorily arrange and guide the work of party rectification. It is very difficult to really know the actual situation. Since the fifties we have mainly been engaged in carrying out movements, and the repeated movements have enabled some people to learn a set of methods to deal with "movements." When a movement is launched, they maintain their composure and lie concealed by every means, and think that the movement can only last for a time and everything will be all right when it goes past. In carrying out party rectification this time, we have repeatedly stressed that we will carry out no movement, but some people have still adopted the old "method," which they used to deal with movements, to deal with this party rectification. Are there not some people who say that "you have your measures and I have my countermeasures"? They have methods to deal with any method that we can think out. This makes our investigation and study regarding the true situation very difficult and complicated. However, we should think out ways to overcome these difficulties and must make our investigation profound and thorough and thus know the true situation. Only by so doing can we establish our work to guide party rectification on a sound and reliable foundation.

It is not an easy task to complete this party rectification in accordance with the requirements of the Central Committee's decision on party rectification.

If the party organization in an area or a unit does not know the ideological and organizational situation in its area or unit, it will be very hard for it to draw up feasible party rectification measures; therefore, it is very possible for the party rectification to be carried out perfunctorily. Take purifying the party organization for example. In this party rectification, we should find the "persons of three categories" who have concealed themselves in our party. This requires us to do a lot of deep and painstaking work of investigation and study. Areas or units that have done this conscientiously have scored relatively satisfactorily achievements without exception, but there are also some areas and units that have failed to do so and have thus indeed let a few bad people escape being weeded out. Quite a lot of party members and of the masses resent this. We cannot help but say that this provides us with a lesson to learn. On the other hand, in this party rectification, we should recruit a large number of good people into our party. In order to do this, we should also conscientiously and carefully know their background. Now, we have discovered that on the surface, some people very earnestly want to join the party, but on deeper investigation, we find that their motives for joining the party are not genuine. In their heart of hearts, they think that if they do not join the party, they will not be able to find "good jobs" or get "official posts." I do not mean that all people who apply for party membership are thinking in this way, but at least some of them do think so. They never think that they have to fight selflessly for communism. We should not allow these people to become party members. Otherwise, we will not be able to guarantee the ideological and political quality of our party ranks and the advanced nature of our party organization. In addition, "networks of relationships" have run rampant in the inner-party life in quite a lot of areas and units. There, people pay attention only to relationships, but not to principles. In handling any matter, there are relationships to take care of, such as the relationships between leaders and subordinates, relationships owing to children's marriages, and relationships between friends who have shared weal and woe. Anyway, there are diverse "networks of relationships," on which some people live. What do I fear if you inform against me. I have relationships with "people in the court." In the old society, there was a saying that "it is easy to do one's official work if one has relationships with "people in the court." This saying that has been passed down from feudal society has been regarded as a maxim by a small number of our party members. This is extremely wrong. Conversely, does this saying not mean that "it is difficult to do one's official work if one has no relationship with people in the court?" As a matter of fact, all our party committees at various levels and party members have some "relationships" with "people in the court." They all have the boundless concern and support of the CPC Central Committee and provincial or municipal committees. On the other hand, those who believe in the saying that "it is easy to do one's official work if one has relationships with people in the court," are precisely opposed by our party Central Committee and provincial and municipal committees. What we are doing now in rectifying our party work style and handling major and serious cases of various kinds is precisely aimed at doing actual work to oppose that corrupt practice.

We should not only know the significance and reason why, in our party rectification, we must satisfactorily carry out investigation and study, but should also learn and be particular about the methods of investigation and study under the new historical conditions. [paragraph continues]

Comrade Yaobang often advocates the practice of leaders carrying out more typical investigation at the lower levels, making more tours there, and staying there for some time in order to really know the situation before they leave. This requires our cadres at various levels, in particular leading cadres, to have real ability. In the fifties, particularly after the Great Leap Forward, I was fond of going down to lower levels to become aware of the situation there. From this I got the impression that some cadres at lower levels paid much attention to observing the trend of your actions and tried to figure out what you wanted to know. They had two completely different sets of materials in their pockets and would give you the set you the set you wanted. Generally, they talked about some achievements and shortcomings to make you believe that what they said was true, but often they covered up some major issues and even serious mistakes. Does this practice still exist? I think this practice has not been eliminated. In the course of our party rectification, we discovered that at lower levels, there were still some cadres who adopted this method of providing surface or false information to counter the investigation and study of the people from the upper levels. I have carefully read Comrade Mao Zedong's "Rural Surveys" and found that he was fond of finding those who were experienced and knew the world and getting information from them, and he knew how to talk with them. Finally he summed up the information he got from them and drew conclusions from it. Under the current situation of opening up, enlivening, and reform, countless new issues and problems will emerge. This requires we cadres at various levels to carry out deep and painstaking investigation and research. Quite a few methods of investigation and study that Comrade Mao Zedong adopted are still applicable today, but we should find and accumulate effective new methods of investigation and study in the course of our new practice. This depends on the exploration of all of you and cannot be invented by a small number of people.

Second, we should pay attention to studying Marxist theory on the development of the party in power. Our party has been in power for over 30 years. It has gained quite a lot of both positive and negative experience in the past 30 and more years on both leadership over the socialist construction and its own development. In the light of the actual practice of our party rectification, we should pay attention to carrying out research into the theoretical issues concerning the development of parties in power. Compared with a party not in power, a part in power has different tasks and methods in developing itself as it shoulders different historical tasks. Even the qualities of our party members are very different, let alone other differences. At the beginning of the great revolution (1924-1927), the CPC had only some 10,000 members. In the heyday of the great revolution, that is, when the northern expeditionary army arrived in Wuhan, it had only 58,000 members. When the great revolution failed, its numbers shrank to only 10,000. In the initial period of the war of resistance against Japan, the CPC had only 40,000 members, and during the Yanan rectification of 1942, it had only several hundred thousand members. However, we won victory in the war of resistance against Japan and the liberation war victory in the war of resistance against Japan and the liberation war and established the new China. At that time, the number of members was small, but our party was a crack contingent. All the members, those who came from the Soviet areas or those who came from the areas under KMT rule, wanted to carry out struggle against Japan and for the revolution and the communist ideal under very difficult conditions. With the exception of a handful of bad elements and special agents who sneaked their way into the party, most of them were core members who survived the "sieve" of revolutionary wars. [paragraph continues]

Now the conditions have changed and the CPC has changed its status and become the party in power. Party members have power in their hands. It is precisely with the aim of obtaining this power to acquire personal gain that some people have sneaked their way into the party. Changes have also taken place in the ideas of some old party members, so that they have also taken advantage of their positions to seek personal gain. Now, there are over 42 million party members. Generally speaking, the principal aspect of the contingent of party members is good, but the quality of some party members is not good. This party rectification is a relatively deep self-transformation that our party is carrying out, more than 30 years since it came to power, in order to eliminate the negative impact of the "Great Cultural Revolution" on inner-party life and in order to adapt itself to the new situation and new tasks of the four modernizations. It is also a major step to strengthen the organization of the party in power itself. Therefore, we should conscientiously study and carry out research into some basic theses on the development of the party in power. Only when we are armed with theory can we heighten our awarweness in satisfactorily consolidating our party organization. In the past we failed to lay adequate emphasis on this. Lenin paid relatively great attention to this. Soon after the October Revolution, in 1919, he put forth the idea that we had to "remove those in our party who only pursue 'enjoying' the advantages of members of a party in power but are unwilling to work selflessly for communism."

Of course, we do not mean that at present we should also carry out this work to remove such people, but that we should consciously and satisfactorily grasp the work of consolidating the organization of the party in power itself in order to truly turn our party members into members with firm party spirit, and in order to enable our party to have a good party work style and thus become able to better shoulder the responsibility for building our country into a prosperous modern socialist country with a high degree of democracy and civilization. How should we link the practice of our party rectification with the study of the theory on the consolidation of the party in power? I think that we should not only read the works of Marx, Engels, Lenin, Stalin, but should also conscientiously study the important documents that have been issued by the CPC Central Committee, in particular the important speeches that have been made by the members of its Standing Committee. During the study, we should discuss and study the major practical issues concerning the consolidation of our party organization that have emerged in the process of our party rectification and thus link and unify theory with practice. Only by so doing can we study well.

Third, we should adhere to party spirit and act in accordance with the party's principles. Party rectification is aimed at solving problems in our party and we must do so in order to solve problems. We stressed this at the very beginning of our party rectification, and some areas and units have done that relatively well. But there are a small number of areas and units who even now have failed to satisfactorily solve this problem. In other words, they dare not adhere to party spirit or act in accordance with the party's principles and they never dare to handle difficult problems. Therefore, I think it is necessary to stress this issue again. What are the party's principles? As everybody knows the answer to this question, there is no need for me to talk about this here. What we call "difficult problems" is nothing but what is not easy to handle, and even what is risky to handle.

For example, the "network of relationships," factionalism, those who have power and who have violated law and discipline, and major and important cases. However, it is very wrong if one is apprehensive of handling them and lets them drift because these problems are difficult to handle and because they will cause those who handle them to suffer personal losses. For this does not conform to the requirements of party spirit and the fighting virtue of communists. Stalin said that a communist was made of special stuff. This was well said. By "special stuff" he meant that under various difficult conditions and in various complex environments, Communists Party members should be bold in upholding principles and struggling for the truth. As far as we are conerned, we should be bold in tackling various "networks of relationships," factionalism, and those violators of law and discipline who hold varying degrees of power in their hands. If we dare not to do so, we shall not be able to rectify the party and party work style. The present conditions are that it is relatively difficult to investigate and handle major cases. It is absolutely necessary to change this state of affairs. If we fail to do so, where is the sense of principle of the party? How can we safeguard party discipline? In the final analysis, we should believe that being bold in handling difficult problems and fighting against various kinds of negative and corrupt practices is aimed at safeguarding the party's and the people's interests and will surely got support from the party and the people.

BAN YUE TAN ON RURAL PARTY RECTIFICATION

HK100749 Beijing BAN YUE TAN in Chinese No 12, 25 Jun 86 pp 6, 7

[Article by Xin Xing: "How To Do a Good Job in Rural Grass-roots Party Rectification"]

[Text] The Central Commission for Guiding Party Rectification recently held separate forums of secretaries of provincial, regional, and municipal CPC committee to study and discuss how to strengthen leadership to further do a good job in party rectification, to consolidate and develop the results of party rectification, and other questions.

Through summing up the views of the participants, it was thought that in order to properly carry out party rectification at the grass-roots level in rural areas, the following seven major points should be grasped:

First, it is necessary to further make clear the guiding ideology of rural party rectification. I carrying out the upcoming party rectification at the village level on a large scale throughout the country, it is necessary to stress the principle of promoting and guaranteeing development in reform and the economy. Party rectification work in all aspects must be conducive to rural reforms and to arousing the enthusiasm of party members and peasants in rural areas. Whenever a serious difficulty appears or a policy decision is to be made, it is imperative to adopt a very prudent attitude.

Second, it is necessary to correctly handle the relation between "solving problems" and "not causing confusion." "Solving problems" is the prerequisite. With this prerequisite, we should do our work in more reliable manner and strive not to make mistakes. We should never depart from this prerequisite of "solving problems" and merely stress "not causing confusion." [paragraph continues]

At present, as there exists the erroneous idea of setting party rectification against reforms and economic work, party committees at various levels and in various localities must pay attention to properly handling the relations between party rectification and reforms and economic work and truly and consciously doing a good job in party rectification and guarding against perfunctorily carrying out party rectification.

Third, it is necessary to put the focus on rural party rectification on resolving conspicuous problems among party-member cadres at district, township, and village levels. "Conspicuous problems" mainly mean serious abuse of power to seek personal gain and serious violation of law and discipline. In resolving these problems, we must adhere to the principles of seeking truth from facts and must not "ask everyone to make self-criticism to pass the test." However, we must punish according to party discipline and state law party-member cadres who have seriously abused power to seek personal gain, seriously violated the law and discipline, ridden roughshod over villagers, and aroused great popular indignation after what party members who do not really meet the criteria of a party member, do not play a positive role, and refuse to mend their ways despite repeated admonition.

Fourth, it is necessary to make clear how to carry out party rectification in rural areas. The first step is to conduct education on party character. Through education on the fundamental purposes of the party, the criteria of a party member, ideals and discipline, and the situation and policies, we should help party members foster the concepts of "setting up the party to serve the public," "taking office to serve the people," and "state law will not tolerate the abuse of public power to retaliate against personal enemies." The second step is to properly hold democratic life meetings, make criticism and self-criticism, fully expose contradictions and problems, and seriously resolve them in the order of importance and urgency, dealing with different problems in different ways.

Fifth, it is necessary to make good preparations for party rectification at the village level. These preparations are roughly as follows: 1) Readjust the leading bodies of party branches that have many problems and cannot exercise leadership in party rectificaton. 2) Organize people to straighten out economic problems if there are any. 3) Properly organize and train the ranks of cadres for carrying out party rectification. 4) Work out feasible plans.

Sixth, it is necessary to strengthen guidance work according to different categories of problems and stress actual results. Since the situation varies from one place to another, we should adopt different ways for the rectification accordingly and should not mechanically copy from one unified pattern or indiscriminately act in only one way.

Seventh, it is necessary to properly build the leading bodies of party organizations at the township and village levels. This is an important, or most important, task in consolidating organizations in the course of rural party rectification.

SHAANXI RIBAO ON MENTAL PREPARATION FOR REFORM

HK091101 Xian SHAANXI RIBAO in Chinese 21 Jun 86 p 2

[Article by Mao Shengxian: "Make Full Mental Preparations for Pushing the New Reform" -- capitalized passages published in boldface]

[Text] At present, the key task of the entire party and the whole people is to get further mobilized, unite as one, struggle hard, and explore the way forward to fulfill various tasks put forward by the Seventh 5-Year Plan. The nucleus and soul of the Seventh 5-Year Plan are reform, including economic reform, political reform, and cultural reform, and economic structural reform in particular. We should do all we can to lay the foundation, over a period of 5 years or more, for a Chinese-style socialist economic structure which is full of vigor and vitality. This is a great task of historical significance.

In the face of this situation, our main task on the ideological front is: We should educate and guide our cadres, party members, and the masses to make full ideological preparations for pushing the new reform. We started our reform when people in society had not yet made full mental preparations for it. Reform which has been completed has touched the economic status of various strata. The next step in the deepening and in the progress of reform will touch traditional structures in all spheres. Such an extensive and in-depth revolution is bound to unprecedentedly touch, or even shake, people's ideological concepts, mental outlook, way of life, and method of thinking. Therefore, educating and guiding our cadres, party members, and the masses, through a large amount of thoroughgoing and painstaking work, to make full mental, theoretical, and psychological preparations for the new reform is an indispensable social and ideological condition which will ensure smooth progress in the reform.

Comrade Hu Yaobang has recently stressed again and again that we should pay attention to the two great historical lessons in our country: 1) the practice of empty talk, which harmed the state during the period of Wei and Jin; 2) excessive concentration of power in the central authorities. We should know how they greatly hampered the development of China. Conscientiously making mental preparations for reform means dealing with concrete matters relating to work on the ideological front. This is a very important aspect of our work. As long as we do it well, we will be able to implement a guiding principle aimed at serving the general line, general tasks, reforms, and economic construction. This will enhance the ideological content and fighting capability of our ideological and political work in light of specific conditions.

In what respects should we carry out our work to make full mental preparations aimed at pushing the new reform? In my opinion, we should grasp the work in the following aspects:

Through our ideological and political work, we should guide our cadres and the masses so that they fully understand the social and economic conditions and their influence on people's ideology when the reform was started. We should continue to profoundly eliminate "leftist" stuff, destroy the old, and emancipate our minds.

Analyzing social and economic conditions when reform was just starting in our country, we discover their thinking brought about by the following social phenomena was a restricting factor in our reform, which should not be neglected: 1) Feudal society lasting several thousand years, and extremely backward commodity economy brought about completely imbalanced social and economic development and backward ideological concepts. Although the situation has been greatly improved in recent years, such social phenomena are still an ideological shackle on people's minds. Do we not find that a number of people up to the present regard commodity exchange as disgraceful and shameful conduct? Do they not say that "rich people are always cruel," and "merchants are always cunning"? How can such people carry out modern and socialized mass production? It is known to all that the practice of seeking private gains by abusing power has severely obstructed reform. This phenomenon is not an inevitable outcome of capitalism, but is deeply rooted in the soil of feudal ideology. 2) A traditional system established over the past 30 years since the founding of the People's Republic, and some misleading propaganda on socialist concepts over a long period in the past have created obstacles to reform in terms of habits and feelings. Do we not hear some people say that we use capitalist methods to solve socialist problems? They say that the previous economic patterns were socialist. They have doubts whether the present methods are "socialist" or "capitalist?" Under such circumstances, it is difficult for them to go ahead boldly with reform. 3) During the 10 years of the Cultural Revolution, the "ultraleftist" line confused people's minds. Therefore, when we are reforming the old system some "leftist" ideological concepts still bind some of our comrades hand and foot like an invisible rope. They do not dare to make bold explorations. This has created great difficulties for reforms.

It is precisely for these reasons that when we are facing the new, more profound, and more extensive tasks of reform, we should clearly realize that we are also facing the tasks of continuing to profoundly eliminate the "leftist" stuff, destroy the old, and emancipate the mind. It is because some ideological factors which hamper reforms still exist, although some others have been abolished. With the in-depth development of reforms, new conservative ideas and other obstructing factors will appear. If we neglect, or relax our efforts in, the work, our ideological momentum in the new tasks of reform will be lost.

In this situation, what main problems should be solved in the course of continuing to profoundly eradicate "leftist" stuff, destroy the old, and emancipate the mind? These problems should be studied in the light of practical conditions in various localities and units. In view of the general situation as a whole, we should do the following: 1) Under the new historical conditions, and with the prerequisite of upholding basic Marxist principles, we should have the courage to break through some obsolete conclusions, or some conclusions which are not completely correct. This is a requirement of the drive to emancipate the mind. Only by so doing can we uphold and develop Marxism, and promote vigorous development of the socialist cause. 2) We should speed up the progress of eliminating the old system and forming the new one. We should continuously eliminate the old ideology, the influence of old habits, and the "leftist" ideology in particular. We should also give up the concept of small production, and traditional old habits which are not in accord with the development of the productive forces. [paragraph continues]

We should foster a new concept, which conforms to the socialist modernization program, and a new mental outlook. Our emphasis must be placed on continuing to abolish those old ideas which regard traditional patterns as socialist, and commodity economy as capitalist. 3) In the process of reform and opening up to the outside world, we should seriously prevent and overcome the corrosion of the decadent capitalist ideology. The stress must be laid on preventing and overcoming the ideas which regard "money as everything," and "money as the be-all and end-all," blindly adore the sham bourgeois democracy and freedom, and seek certain corrupt ways of life in the capitalist world. 4) We should fully recognize the negative role of the remnants of the feudal ideology in the modernization program, and continue to profoundly eradicate its pernicious influence in our political life.

A central leading comrade has recently stressed again and again that we should create a magnanimous and relaxed environment, not only on the economic front, but also on the ideological and cultural fronts, and create an atmosphere characterized by unity, harmony, mutual trust, and mutual understanding, so that people will dare to think, speak out, do things, and make exploration in the course of the great reform which we are facing. We should continue to profoundly eradicate the "leftist" ideology, destroy the old, and emancipate the mind. In so doing, we will be able to further guide our cadres and the masses to widen their field of vision, inspire their spirit, and be bold in blazing the new trails. All this will be an ideological guarantee and foundation for promoting the new reform.

WE SHOULD ORGANIZE AND GUIDE OUR CADRES AND THE MASSES TO CONSCIENTIOUSLY SUM UP THEIR EXPERIENCE IN THE PRACTICE OF REFORM OVER THE PAST FEW YEARS, FURTHER UNDERSTAND THE INNER LAW GOVERNING THE DEVELOPMENT OF REFORM, AND RECOGNIZE THE DIFFICULTIES AND COMPLEXITY IN REFORM.

Reform follows its own objective law governing its development. Various ideological problems occurring in reform in recent years are mostly connected with our ignorance of the law governing the development of reform. Due to the fact that the exploration in reform and its gradual progress co-exist with the progress of replacing the old system with the new one, various contradictions, frictions, or even certain setbacks and mistakes will inevitably occur. What problems will arise in the practice of reforms? For what problems should we make full mental preparations so that we will be able to enhance our mental capability to deal with them?

1. In the process of enlivening the economy, we should adopt a flexible attitude toward a fairly large number of important factors such as general social products, production, and so on, so that they operate in accordance with market regulation. Under the condition that the price system has not yet been straightened out after the implementation of the open policy, vertical planned management and direct means of control are needed in order to ensure a balanced and stable macroeconomy. Contradictions and conflicts will occur between macroscopic and microscopic control, between planning and the market, between the state and enterprises, and between overall interests and partial interests. The difficulties lie in the fact that macroscopic control, planned management, the interests of the state, and overall interests are mingled with traditional management system and means. While we stress enlivening the economy and reforming the traditional system, our macroscopic control is very often obstructed. When we are stressing macroscopic stability, we usually adopt the old means, so that reform stagnates. Such phenomena will occur during the whole process of reform.

2. It is a necessary measure in reform to link the achievements in business with the incomes of workers and staff members in order to enhance economic results. However, production factors of various enterprises, including capital, goods and materials, labor force, economic interests, and environment differ greatly. Therefore, factors other than business also have a great impact on enterprsies. Strenuous efforts should be made in order to create equal conditions for competition among enterprises. This is also an important problem which should be correctly handled in reform. However, it is impossible to attain absolute equality.

3. The practice of "eating from the same big pot" should be abolished. However, it cannot be completely abandoned overnight. People wish to obtain the benefits from the abolition of the practice of "eating from the same big pot," but they also like to maintain the stability and safety resulting from the practice. Those who are able to obtain benefits from the abolition of the practice of "eating from the same big pot" are eager to change the status quo, whereas those who are unable to derive benefit from its abolition try to maintain the status quo.

4. The purpose of reform is to enrich all members of society. However, we cannot get instant results from reform, and make all members of society increase their incomes by the same margin. Some trades, some localities, some enterprises, and some of the masses will get rich first. The widening of the gaps in income difference are unavoidable. We should not practice egalitarianism. In the meantime, we should prevent too wide gaps in incomes, and gradually abolish the differences resulting from irrational, or even illegal incomes.

5. The new economic structural reform needs new standards, new systems, and new rules and regulations to ensure its normal operation. However, all these can only be gradually established in the process of exploring the new structure. It took more than 200 years for the capitalist economy to enact all its rules and regulations. It is impossible for us to establish, in a short period of time, standards, systems, and rules and regulations which are in accord with the new situation. Therefore, it is unavoidable that there will be loopholes and defects in reform, which give opportunity to some evildoers. This is the price which must be paid for reform.

6. The general guiding principle and policy of opening to the outside world and enlivening the domestic economy will not change. However, specific policies and measures for reform will inevitably be changed. Since reform is a revolution, it is necessary to readjust policies involved in light of practical conditions. When people have not yet apprehended and understood some correct measures for reform, we should be patient. If we make some mistakes because of our failure to assess things accurately, we should recognize them and correct them in practice. Only by constantly summing up experiences and enhancing our capability, and making minor readjustments at the appropriate time, can we avoid great relapses and fluctuations.

As long as we recognize the inevitability of the occurrence of these problems, and have made mental preparations for them, we will be able to treat them correctly, and avoid mental confusion. In so doing, we will actively support and take part in reform, rather than being observers of reform who irresponsibly apportion blame, or complain about various problems and passive phenomena occurring in reform. We should adopt an attitude of being the masters of our own affairs, and put forward opinions and suggestions on the improvement of reform. [paragraph continues]

This will be beneficial to the healthy progress of reform. In the meantime, we should consciously pay attention to protecting and supporting reformists because they are the backbone elements upon whom we rely in reform. They are also the targets of attack by those who try to obstruct reform. Of course, we should also pay attention to punishing those opportunists who avail themselves of loopholes in reform. We should not let them wantonly obstruct reform.

WE SHOULD TRULY GRASP THE WORK OF STUDYING, PROPAGATING, AND PROVIDING EDUCATION IN THE RELEVANT GUIDING PRINCIPLES AND POLICIES OF THE PARTY.

What is the guide for reform? This guide is various guiding principles and policies of the party for reform. Who are the masters of reform? They are all our cadres and people. Only by handing over all relevant guiding principles and policies of the party to our cadres and masses so that they become the understanding and conscious actions of the cadres and masses will success in the reform be ensured.

Through the practice in reform in recent years, our cadres and masses have, generally speaking, unprecedentedly enhanced their understanding of reform. Their level of understanding of the relevant guiding principles and policies of the party has also been raised. However, if we make a specific analysis of this general situation, we will discover that people's study and understanding of the relevant guiding principles and policies of the party for reform are not sufficient. Not everyone clearly understands the necessity, importance, and urgency of reform. Therefore, it is absolutely necessary to study again in a systematic way the guiding principles and policies for reform, and to provide people with education in this respect again by combining it with our work of summing up practical experience in reform.

We should continue to organize people to study a series of documents on reform issued by the central authorities, the decision on economic structural reform, the decision on the reform of the scientific and technological structure, the decision on the reform of the educational structure, this year's Document No 1, and so on, because they are programmatic documents which will be implemented over a long time, and to expound the basic orientation, tasks, and guiding principles and policies for reform. We should make specific arrangements, and organize cadres and the masses to conscientiously study the documents of the Fourth Session of the Sixth NPC, especially Premier Zhao's report delivered at the meeting. This is because the report explains the specific tasks, steps, and measures to be taken during the period of the Seventh 5-Year Plan, and is a standard for action during the period.

In the process of discussing and determining the tasks and policies for reform, we must stick to the working method of the mass line. Before the formulation of our policies for reform, we should widely solicit opinions from the masses. This is not only a process of drawing on all collective wisdom and absorbing all useful ideas, but also a process of carrying out mobilization and propaganda work among the masses. The work of implementing policies and giving publicity to the tasks and policies of reform should be carried out in a systematic way. While making arrangements for the work of determining the tasks of reform, we should also make arrangements for the work of giving publicity to the plans and policies for reform.

All trades and services and all fronts should strengthen their work of giving publicity to reform. In particular, propaganda departments and the ideological front should make full use of their mass media and carry out their propaganda work for reform in a more systematic and profound way in order to create a political atmosphere beneficial to reform, and to push the smooth progress of reform.

WE SHOULD UNSWERVINGLY PROVIDE PEOPLE WITH EDUCATION IN THE MARXIST WORLD OUTLOOK, IN THE PURPOSE OF SERVING THE PEOPLE, AND IN THE REVOLUTIONARY OUTLOOK ON LIFE, OVERCOME VARIOUS KINDS OF UNHEALTHY TRENDS, AND CREATE A GOOD SOCIAL ENVIRONMENT FOR REFORM.

In the process of reform, why should we provide people with education in the Marxist world outlook? It is because the guiding principles, tasks, policies, and specific measures adopted by the party for reform are based on the Marxist stand, viewpoint, and methods, as well as on an analysis of our country's historical and practical conditions. If we deviate from the Marxist world outlook, it is very difficult to profoundly and thoroughly understand the scientific style and correctness of these guiding principles, tasks, and policies.

In the process of reform, why should we provide education in the purpose of serving the people? It is because serving the people is a basic measure. Without reform, there will be no success in reform. Without reform, it will be impossible for the people to obtain their greatest interests at the present stage. All guiding principles and policies for reform are aimed at serving the people. Without an explicit idea of serving the people, it is impossible to correctly understand and implement the guiding principles and policies for reform. Unhealthy trends inside the party are the largest factor obstructing reform. As far as party members are concerned, the ideological roots for their unhealthy trends are that they forget, or cast away, the purpose of serving the people.

In the process of reform, why should we provide education in the revolutionary outlook on life? It is because reform is a profound revolution. As for those who serve the people wholeheartedly, their participation in reform means, first of all, their devotion to the people, to the revolutionary cause, and to the four modernizations program aimed at making the country powerful and the people rich, and at creating their happiness in the future in the course of pushing forward these undertakings. If a man goes about things in accordance with another kind of outlook on life; if what is uppermost in his mind is to enjoy comfort; if he thinks that those who fail to idle their time in pleasure-seeking are fools; and if he thinks that "failing to take or eat means waste," and that "power, if not used, will become invalid," this means what he is doing is not devoting himself to the revolution, and that what he wants is to extort something from the revolution. To attain his purpose, he uses all kinds of methods to benefit himself at the expense of others, to put profit-making first, to seek private gain at public expense, and to secure his personal interests by force or trickery. Can such a person struggle hard and go all out to make progress to promote the four modernizations program? Can he give play to his wisdom and creativity for the sake of reform? Obviously, it is impossible for him to do so.

The education in the above-mentioned four aspects also includes important contents of the education in the "four haves." [paragraph continues]

Only by doing well in conducting the education in three aspects can we lead our cadres and the masses to correctly handle in reform the relations between the interests of the individual, the collective, and the state, between partial and overall interests, and between immediate and long-term interests. Otherwise, under certain circumstances, when particular individual interests, partial interests, and immediate interests cannot be obtained, or are subordinated to collective interests, overall interests, and long-term interests, or some personal interests are sacrificed, some people might become downhearted, or cast doubt upon the correctness of reform.

WE SHOULD TRULY IMPROVE THEORETICAL RESEARCH WORK, THEORETICAL PROPAGANDA, AND THEORETICAL STUDY TO STRENGTHEN THEORETICAL GUIDANCE OVER REFORM.

We should, first of all, conscientiously study and carry out research work on a series of strategic ideas on the building of socialism with Chinese characteristics put forward by the CPC Central Committee, headed by Comrade Deng Xiaoping. The main contents of the strategic ideas are: 1) the basic task of socialism is to develop productive forces; 2) the two strategic aims of social development in China are: quadrupling gross industrial and agricultural output by the end of this century, and the bringing of China's economic, scientific, and technical levels in the mid-21st century close to the level of the most-developed countries; 3) reform is the second revolution in China; 4) knowledge and talented personnel should be respected; 5) the concept of one country, two systems should be implemented; and 6) a global strategy of east, west, south, and north should be followed. Such strategic thinking demonstrates specific application of the basic Marxist principles in modern China. It is also a theoretical base and foundation for our reform and construction, and the great contribution made by our party to the creative development of Marxism. Therefore, many politicians and theoreticians in the world now regard Comrade Xiaoping as a great strategist in the contemporary world. However, it is inappropriate to say that we have carried out research and propaganda work and studied the strategic thinking in a sufficient and profound way. For example, we say that reform is the second revolution. What, then, are the targets of the revolution? Where does its motive force lie? How should we analyze class relations under socialism? There are many problems which should be studied in a profound way. The historical significance of Chairman Mao's article "Analysis of the Classes in Chinese Society" lies in its conclusion on the existence of bureaucratic capitalism in China, so that the targets of the Chinese revolution were more clearly shown, namely imperialism, feudalism, and bureaucratic capitalism. At present, our strategic objective at home is to eliminate poverty and ignorance. Proceeding from this task, how should we consider the problem of determining the targets of revolution and the force upon which we should rely? Over the past 30 years or so, our analysis and understanding of peasants and intellectuals was not completely correct, and many mistakes were made in this regard. We are now promoting the four modernizations program, and we should reassess and have a new understanding of the working class, peasants, and intellectuals. With regard to other strategic concepts, we should also carry out research work, and study and propagate them in a profound way. Otherwise, we will act blindly in the process of implementing them.

In the meantime, we should make a bold exploration of the theoretical problems arising in the practice of reform. The theory on the socialist commodity economy is the greatest breakthrough in the development of Marxism. Without such a theoretical breakthrough, it would have been impossible to create a new situation in reform and construction in our country as it is today. In the course of developing the socialist commodity economy, there are many theoretical problems which should be studied. For example, is commodity economy a production pattern? Some comrades have mentioned that commodity economy is a kind of production pattern, rather than a sheer product of capitalism. Some comrades have maintained that there are three production patterns in human society: 1) primitive economy; 2) natural economy, which exists with the occurrence of the division of labor in society; and 3) commodity economy, which occurs with the further development of the division of labor in society. Commodity economy has developed greatly in capitalist society. However, it cannot develop fully and healthily under capitalism. The basic principle of commodity economy is exchange of equal value. However, under the private ownership system of capitalism, this principle has been distorted. Outwardly, the principle of exchange of equal value is followed, but actually it is not pursued. It is only under the socialist system that commodity economy can fully and healthily develop. It is because public ownership is pursued under socialism. It is only public ownership which can truly ensure the full implementation of the principle of exchange of equal value. Therefore, commodity economy is not a product of capitalism. On the contrary, it will exist for a fairly long historical period. These viewpoints are worth paying attention to and studying. Let us cite another example. In the rural areas, there are various kinds of ownership systems with the economy under public ownership occupying a dominant position: 1) Public ownership economy run by the collective; 2) public ownership economy run by individuals on the basis of contracts; 3) renting economy; 4) economy run by individuals and under the control of society; 5) mixed economy. What changes will they undergo to conform to the demands of the development of the productive forces? What will be their future? All these problems should be studied. Such theoretical exploration is beneficial to widening our field of vision and enhancing our ideological vigor for reform.

Finally, we should conscientiously organize regular theoretical study of Marxism and Leninism for leading cadres. This is a fundamental task in our theoretical building. Although the central authorities have repeatedly stressed the importance of studying Marxist theories under the new situation, some comrades still fail to pay attention to it. Some leading comrades are not willing to send principal cadres to study in party schools. Some cadres are not willing to study. Sufficient attention has not yet been paid to regular theoretical study by cadres at their posts. Strictly speaking, this demonstrates our lack of political foresight. This situation should be truly improved.

I believe that as long as we make conscientious efforts to do the work well in the several aspects which I have mentioned above, it will be beneficial to guiding our cadres and the masses so that they will push forward the new economic structural reform. We should make mental preparations so that we will make more conscientious efforts to realize the Seventh 5-Year Plan.

JIANGSU LEADERS AT MEETING ON OPEN-DOOR POLICY

OW091441 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 7 Jul 86

[Excerpts] The provincial work conference on opening to the outside world concluded in Nanjing yesterday. It put forward the following task: To accelerate the pace of earning foreign exchange through exports and of bringing in capital and technology so as to open up new prospects for opening Jiangsu to the outside world.

Fully affirming the achievements of the past 2 years in opening to the outside world and reviewing previous experience, the conference pointed out: In order to open Jiangsu to the outside world at a faster pace, we should first further improve our ideological understanding and be clear about the purpose and significance of opening to the outside world. Second, we should fully utilize Jiangsu's two favorable factors: One, its excellent natural conditions and superior economic foundation; two, the successive opening to the outside world of Nantong City, Lianyungang City, the Suzhou-Wuxi-Changzhou economic zone, and the ports of Nantong, Lianyun, Zhangjia, and Nanjing. [passage omitted]

Attending the conference were leaders of the provincial CPC Committee and of the provincial government Han Peixin, Gu Xiulian, Chen Huanyou, and Zhang Xuwu. (Zhao Yingdong), deputy director of the State Council Special Economic Zones Office, was also present. Comrades Han Peixin, Gu Xiulian, and (Zhao Yingdong) spoke at the conference.

RUI XINGWEN ATTENDS SHANGHAI COMMENDATION MEETING

OW051156 Shanghai JIEFANG RIBAO in Chinese 29 Jun 86 p 1

[Excerpts] The organs directly under the jurisdiction of the Shanghai municipal authorities held a meeting yesterday to commend advanced party branches and outstanding party members. Leaders of the municipal CPC Committee, including Rui Xingwen, Jiang Zemin, Huang Ju, and Wu Bangguo; and Wang Daohan, adviser to the municipal government, offered congratulations. Wu Bangguo, deputy secretary of the municipal CPC Committee, spoke on the current party rectification work.

He said: From now on party rectification work should emphasize the following three aspects: First, we should continue to concentrate on investigating and handling major cases and at the same time on correcting unhealthy trends characteristic of a trade; second, we must further strengthen party spirit, improve organizational work style, and enhance work efficiency. At present, we should concentrate on bringing about a change in organizational work style, simplify meetings, improve organizational discipline, improve order and work systems, refrain from empty talk, and try to perform more actual deeds. Leading cadres should go among the masses to conduct investigations in light of local conditions and should creatively implement the party's line, principles, and policies; third, we should further correct the guiding principles for professional work and correctly handle the relationship between upholding reforms and rectifying unhealthy tendencies. The purpose of improving the party style and rectifying unhealthy tendencies is to guarantee and promote reforms, not to restrict activities. Leading cadres at all levels should mentally adapt themselves to these two major changes: the gradual change from a product economy to a planned commodity economy; and the change from industrial bases to multipurpose urban and economic centers. This guiding principle should be clearly understood in the course of improving our party style. [passage omitted] Those commended at the meeting included leading cadres who had made contributions to Shanghai in terms of major policy decisions.

GUANGDONG: OFFICIALS JAILED FOR TAKING BRIBES

HK081217 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 8 Jul 86

[Text] Yesterday the Shantou City Intermediate People's Court held a meeting to sentence according to law (Xing Jiankun), former Standing Committee member and secretary general of the Shantou Prefectural CPC Committee, to 7 years' imprisonment, and (Shi Hengbin), former Standing Committee member and organization department director of the Shantou Prefectural CPC Committee, to six and a half year's imprisonment for taking bribes.

From April 1979 to February 1983, by taking advantage of his position as secretary of the Jieyang County CPC Committee and Standing Committee member and secretary general of the Shantou Prefectural CPC Committee, (Xing Jiankun) poked his nose into the work of issuing exit permits by public security organs. In collaboration with his wife (Nie Ying), political work section chief of the Shantou prefectural financial work office, he accepted bribes worth 23,000 yuan in 14 instances from those who applied for exit permits.

From 1979 to 1982, by taking advantage of his power and position after assuming the post of standing committee member and organization department director of the Hantou Prefectural CPC Committee, (Shi Hengbin), in collaboration with his wife (Hu Huiizhen), former manager of Shantou's (Xinxin) Hotel, accepted various bribes worth 10,200 yuan from those who applied for exit permits.

GUANGDONG'S LIN RUO REPORTS ON STRUCTURAL REFORM

HK100217 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 9 Jul 86

[Text] The party school of the provincial CPC Committee held its 1986 graduation ceremony this morning. Provincial CPC Committee Secretary Lin Ruo and Deputy Secretary Xie Fei attended. Lin Ruo delivered a report on economic structural reform.

In his report, Lin Ruo expounded on the basis for carrying out economic structural reform. He said: Commodity economy is a stage that cannot be skipped in socioeconomic development. Only by developing commodity economy can we promote the development of the productive forces and fundamentally consolidate the socialist system.

Lin Ruo said: Commodity economy has a dual nature, and the positive aspect is the essence and the main current. The negative aspect is secondary. We must therefore persevere in commodity economy on the basis of public ownership and persist in building the two civilizations simultaneously.

Xie Fei presented graduation certificates to 331 graduates, including those from the second party and government cadre training course and the third theoretical study class course.

GUANGXI READJUSTS POLICY TO ENCOURAGE GRAIN SALES

HK081237 Nanning Guangxi Regional Service in Mandarin 1000 GMT 7 Jul 86

[Excerpts] To further arouse the peasants' economic enthusiasm for selling grain and oil-bearing crops and to promote the fulfillment of the quotas for the procurement of grain and oil-bearing crops, the regional people's government recently readjusted its policy on the procurement of grain again.

In addition to the fact that it must be stressed that all policies provided in the Guizhengfa No 12 Document of 1986 must be seriously implemented, and that the implementation of these policies must be guaranteed, peasant households which fulfil the quotas for grain ordered by contract will be rewarded. With a peasant household as a unit, those who fulfil their quota will be given two yuan reward for every 100 jin of unprocessed food grain ordered in advance by contract. [passage omitted] Those who fulfill their quota for the whole year in summer will be rewarded. Those who fulfill their quota for summer grain will be rewarded only for summer grain stored in a granary. Those who do not fulfill their quota for summer grain stored in a granary will not be rewarded. Those who fulfill their quota for the whole year in autumn will still be rewarded. Those who overfulfil thier quota for the whole year will be rewarded by being allowed to buy chemical fertilizers by way of reward. [passage omitted]

The money from the sale of grain must be paid immediately to peasants. The deposit for order grain in advance must be recovered. [passage omitted]

HUBEI LEADER DISCUSSES COMPREHENSIVE REFORM PROJECTS

HK040205 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 3 Jul 86

[Excertps] A provincial forum on comprehensive reform pilot project counties and cities convened by the Hubei Provincial CPC Committee concluded in Suizhou City on 30 June after 8 days in session. Responsible comrades of Suizhou, Danjiangkou, Huangpi, Puqi, Shishou, Luotian, Badong, Anlu, and Dangyang counties and cities, which are pilot projects, and of some other counties and cities attended the meeting. Also present were responsible comrades of provincial organs concerned and of theory research departments, totalling 50 persons. [passage omitted]

Provincial CPC Committee Secretary Guan Guangfu attended the meeting throughout. He gave many important views during the discussions. He stressed: In further developing comprehensive reforms in the pilot project counties and cities, we must first have a clear picture of the situation in reform and clear away various ideological obstacles. The level of ideological awareness plays a decisive role in determining whether the reforms can be carried out in greater depth.

1. We must seriously study basic Marxist theory and the spirit of the series of central instructions on reform. We must study Marxist philosophy and persistently apply the world-outlook and methodology of dialectical materialism to view the process of reform. [passage omitted]

We must study Marxist political economy and integrate basic Marxist theory with Chinese practice. We must study relevant science and technology centered on the major topics of planned commodity economy. We must similiarly study social science, including national economic management, macroeconomic and microeconomic management, and departmental economic management. Only by continually studying and acquiring new knowledge in this way can we emancipage our thinking from the bindings of traditional product economy, small peasant economy, and natural economy, and switch to socialist planned commodity economy. [passage omitted]

We must seriously study the series of central instructions on economic structural reform and thoroughly appreciate the intentions of the central authorities.

In this way our reforms will continually advance healthily under leadership and in a measured way under the guidance of the central line, principles, and policies.

2. The pilot project counties and cities must fully understand the glorious and arduous task they are shouldering. Reform work must be carried out in stages, and it must have stepping stones. The pilot project countries and cities must shoulder this glorious and arduous task. [passage omitted]

3. We must correctly handle the contributions and problems that arise during the parallel existence of the new and old systems. In reform, there must be a process of development of new systems and disappearance of old ones. While the two systems exist in parallel, contradictions and friction are bound to occur, and we must be ideologically prepared for studying the contradictions and correctly solving them. Sometimes we have to still make use of certain parts of the old systems, and undergo a transition. However, this is not the orientation. Reform is the orientation. On the other hand, we must protect new things that appear in reform as we protect our eyes. Even if these are only buds, we must support them and help them to grow and mature.

4. We must unify common nature and individual nature. We must resolutely implement the central authorities' intentions in close connection with local realities, and be bold and skilled in working creatively.

Specifically speaking, there are the following three sets of circumstances: 1) We must resolutely implement the reform principles and measures laid down by the central authorities. This is the guarantee for ensuring that reform will advance along the correct orientation. Otherwise, we may veer from the correct track. 2) In accordance with the central authorities' general demands and in light of the requirements of reform, the provincial authorities have to hand over certain experiments in reform measures to pilot project counties and cities. Preparatory and exploratory work is thus carried out at selected spots to provide experience for reform over whole areas. 3) There are certain problems on which neither the central nor the provincial authorities have laid down clear-cut regulations, and these may be problems that particularly need to be solved then and there by the counties and cities concerned. Some of them may be long-standing, great, and difficult problems. This requires that the localities carry out research and experiments in accordance with the general principles of the central and provincial CPC committees, to explore ways for resolving these thorny problems.

5. We must correctly distinguish between unhealthy trends and certain imperfections or mistakes in reform. We must resolutely correct unhealthy trends. Certain mistakes that occur in reform are only problems in work and problems of summation of experiences and lessons. At the same time, the upper levels must bear the burden for the lower levels regarding certain problems in work. Only thus can we resolutely correct unhealthy trends, resolutely carry out reform, and integrate the two so as to spur each other on.

6. We must resolutely protect the fruits of reform. At present there are certain phenomena in society that requires high vigilance on our part. Some people dislike the reform measures, heap reproach on them, and even erect obstacles. Some people spread rumors and slanders about reform activists and make things difficult for them. These things are impermissible. The party committees and the leaders at all levels must enthusiastically lead and support reform and protect the fruits of reform and the activists who are bold in reform.

We must investigate thoroughly and deal severely with people who attack activists who persevere in reform. Each case must be investigated without any ambiguity.

7. Step up the building of socialist spiritual civilization. The pilot project counties and cities must advance in the front rank in building spiritual civilization as well as doing a good job in reform and in building material civilization. They must regard bringing up a generation of new people as a major goal, and strive to improve people's cultural and spiritual qualities. In the rural areas, special attention must be paid to training and educating cadres and young people.

8. The pilot project counties and cities must have a work style that can withstand the stiffest tests. I hope that the pilot project counties and cities will have the pioneering spirit and also base their efforts on reality and advance in a thoroughly sound way.

Guan Guangdu stressed in conclusion that it is essential to strengthen leadership over the pilot project units. He said: These nine pilot project units are the reform pilot projects of the provincial CPC Committee and government and are also the pilot projects of the provincial departments and the prefectures and cities concerned. The upper-level party committees and the provincial departments must regularly go down to the pilot project units to investigate and study. [passage omitted]

GUAN GUANGFU VISITS HUBEI BROADCASTING PERSONNEL

HK071218 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 6 Jul 86

[Text] During the provincial forum of the counties and cities carrying out a pilot project of comprehensive reform that was held in Suizhou City at the end of June, provincial CPC Committee Secretary Guan Guangfu visited all personnel who work at No 822 station of the provincial broadcasting and television department and No 207 microwave station of the provincial bureau of posts and telecommunications on the highest peak in Dahong Shan, some 1,000 meters above sea level. These two stations shoulder the tasks of transmitting and conveying broadcasts, television programs, and microwave telecommunications in the vast northwest and southwest regions of our province.

Guan Guangfu and responsible comrades of relevant departments went to the working areas of No 822 station and No 207 microwave station to inspect television, frequency modulation, microwave, and generator room equipment and to listen to their work reports. When listening to the report of a responsible comrade of No 822 station that the machine power on a high mountain is great and can directly or indirectly cover a radius of some 150 km, Comrade Guan Guangfu was satisfied, saying: You have worked on a high mountain year in and year out. Your living conditions are relatively hard. You have overcome many difficulties and completed your work and tasks relatively well. It is hoped that you will make sustained and redoubled efforts to make new contributions so that the masses throughout our province can listen to broadcasts and watch television programs well.

19 DEFECTORS SPEAK AFTER ARRIVING IN TAIWAN

Thank South Korea for Assistance

OW100653 Taipei Domestic Service in Mandarin 2300 GMT 8 Jul 86

[Text] Taipei -- After arriving in the Republic of China, the 19 mainland Chinese youths who defected to Korea in a wooden boat in mid-June issued a statement thanking the Korean government.

Chiu Chin-i, spokesman of the Ministry of Foreign Affairs, said: The government of the Republic of China thanks the Korean Government for its proper care for the 19 young people, as well as for its assistance given to them on the basis of humanitarianism and Sino-Korean friendly relations so that they can realize their wishes to defect to freedom and return to the Republic of China.

Claim Mainlanders Desire Freedom

OW100413 Taipei Domestic Service in Mandarin 2300 GMT 8 Jul 86

[Excerpts] Taipei -- According to the 19 young people who defected to freedom in a small boat, since the Chinese Communists adopted the policy of opening to the outside world, young people in Mainland China have generally realized the superiority of the free world. If they had an opportunity, they would all defect to freedom.

Shortly after arriving in free China, the 19 young people met the nation at a press conference held at the headquarters of the Free China Relief Association. They indicated that while their dissatisfaction over Teng Hsiao-ping's autocratic rule was the primary cause of their defection to freedom, other reasons, such as the one-child policy, the destruction of Chinese culture, and all sorts of human rights abuses also prompted them to seek freedom.

The 19 young people began to plan their defection at the end of the last year. At first, their group consisted of only four people: Liu Chiang, Ho Yung-an, Chen Yung, and Wei Chen-hsiung. The other 15, who had the same common goal, were later recruited by them. According to Liu Chiang, they arrived in Wuchang by train in two groups in early June this year, and then proceeded to Tsingtao together. Wei Chen-hsiung added that while in Shandong, they cajoled a boat owner into selling them -- at a high price of 7,000 yuan -- a small boat with a carrying capacity of 3 metric tons, and they defected to freedom with that boat. [passage omitted]

Ho Yung-an pointed out at the press conference that, because security control is rather tight along the coastal areas in southeast China, and because Kwangtung is far from Taiwan, they chose the Shandong-to-Korea route. [passage omitted]

RESENTMENT TOWARDS FOREIGNERS ON RISE IN PRC

OW102341 Taipei CNA in English 1347 GMT 10 Jul 86

[Text] Taipei, Jul 10 (CNA) -- The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled "Xenophobia Again?":

According to the TORONTO GLOBE AND MAIL'S Peking correspondent, there is a gut feeling among Western businessmen and diplomats stationed in Red China that anti-foreign sentiment is rising among the Chinese people there.

To back his report, the journalist cited several recent instances in which foreigners were ill-treated. One is not sure whether these incidents herald the outbreak of another xenophobia. But they do suggest that foreigners are no longer welcome on the Chinese mainland.

One must point out that anti-foreign sentiment in Red China has its historical roots. Right after the birth of the communist regime in 1949, all foreign residents except Soviet citizens were regarded as spies and treated as such.

Missionaries who stayed behind were either expelled or jailed. During the Cultural Revolution, even foreign diplomats became targets of xenophobic mobs called "red guards."

There was a reversal of the situation after the second rehabilitation of Teng Hsiao-ping. Under his reform policy and the call for Four Modernizations, foreigners were treated as distinguished guests to be pampered. They were accorded privileges that were denied to the Chinese people themselves.

The idea was to win friendship as the first step toward winning moral and material support from the West. It was also a calculated gesture to show that post-Mao Red China has become a civilized country ready to become a constructive member of the international community.

In the new atmosphere the number of foreigners traveling to or residing in Red China has increased tremendously. But Peking is not entirely successful in achieving the objectives of spreading out the welcome mat. For instance, it has kept complaining that the U.S. is niggardly in effecting technology transfer.

In opening up the West, Peking failed to anticipate three side effects. The first is the rise of "spiritual pollution." With increased contacts with the outside world, such bourgeoise thinking as the pursuit of personal liberty and material enjoyment also entered the Chinese mainland.

The second outcome is that the people on the mainland are given a window through which they can see the true picture in the free world, particularly the happy life of fellow Chinese in Taiwan, Hong Kong and Singapore. The contrast has given birth to Red China's confidence crisis.

The third development is that Peking's open door policy has enabled westerners to take a closer look at Red China. They are able to discover the political repression and economic backwardness on the Chinese mainland. Faithful portrayal of Red China and the failure of the communist rule by foreign journalists and writers has made Peking lose face.

On the part of the people, they resent the VIP treatment accorded foreigners by the Communist authorities. Subconsciously, the local populace also became jealous of the affluence of the foreigners among them. Furthermore, the Chinese people on the mainland have become extremely selfish and rude after living so long under the unnerving rule of Communism. There is no such thing as courtesy any more. The new phenomenon also serves to give foreigners in Red China the feeling that they are not welcome guests.

COSTA RICA'S DENGO ON IMPROVING TIES WITH TAIWAN

OW091636 Taipei CNA in English 1455 GMT 9 Jul 86

[Text] Taipei, July 7 (CNA) -- President Oscar Arias Sanchez of the Republic of Costa Rica is likely to visit the Republic of China sometime next year to consolidate the traditional friendship between the two nations, Costa Rican First Vice President Jorge Manuel Dengo disclosed in Taipei Wednesday.

Dengo, who arrived in this nation July 1 for a nine-day official visit, said President Arias, who visited this nation twice before he was elected president, has always been a true friend and supporter of the ROC. In order to reaffirm his friendship with the ROC, he will probably visit Taipei sometime next year, he said.

Speaking at a pre-departure conference at the grand hotel, Dengo said he was deeply impressed by the hospitality and hard-working spirit demonstrated by the people and the government here during his visit to this nation over the past few days. Dengo said he firmly believes that the relations between Costa Rica and the ROC will become more intimate in the future because of the increased understanding between the two nations.

The Costa Rican vice president said he hopes the ROC will further enhance its economic cooperation with Costa Rica and continue to provide assistance to help Costa Rica upgrade its technological and education levels.

KMT REVOKES MEMBERSHIP OF DEFECTING PILOT

HK100512 Hong Kong AFP in English 0446 GMT 10 Jul 86

[Text] Taipei, July 10 (AFP) -- The ruling Kuomintang (KMT) has revoked the party membership of Wang Hsih-chueh, a Taiwanese commercial airline pilot who defected to China two months ago, a party source said Thursday.

The decision was made by KMT's Central Standing Committee, the party's top policy-maker, at a Wednesday meeting, it added.

The 56-year-old former pilot of the China Airlines (CAL), Taiwan's flag carrier, flew a cargojet to the southern Chinese city of Guangzhou on May 3 in a defection bid, leaving behind his wife of 30 years and three children in Taiwan.

Known as Wang Xijue in China, he was appointed in June deputy director and deputy chief pilot in the Beijing office of the Civil Aviation Administration of China (CAAC).

He was also allowed to reunite with his 82-year-old father and brothers whom he had not seen since 1949.

The defection led to the talks in Hong Kong by CAL and CAAC officials over the return of the jet freighter and other two crew in the first official contact between the rival governments of Beijing and Taipei in almost 40 years.

The incident also prompted reforms in the CAL, which once rated Mr Wang, a former Air Force reconnaissance pilot, as "most loyal and reliable."

Mr Wang had been awarded a dozen times for making successful reconnaissance missions over China before he joined the CAL in 1967.

DEBATE OVER PRC'S 'EXPERIMENT' WITH STOCK ISSUES

HK100447 Hong Kong TA KUNG PAO in English 10-16 Jul 86 p 2

["The Past Week" column]

[Text] Since the official launching of urban economic structural reform in 1984, some companies and enterprises in selected cities were given permission to issue stocks. Chinese authorities, however, tend to be tight-lipped about the progress of the experiment, which has led to the belief that the issue still remains largely academic.

The lack of publicity and experimental status of the companies allowed to issue stocks reflect the extreme caution with which Beijing planners are treating this vital tool of capitalism. There seems to be considerable doubt whether the floating of stocks will work smoothly in a basically socialist economy. Urging caution in implementing such a reform, for example, Liu Guoguang, one of China's foremost economists, wrote in the Economic Daily last November about the impracticability of selling to individuals billions of renminbi worth of properties owned by state-run enterprises.

It was feared that under a stock ownership system it might be possible for shares to become concentrated in the hands of some people who could live off the profits of their investments without doing any work. Liu cautioned, moreover, that the system might turn some labourers into owners of means of production while reducing others to mere wage labourers with no say in the management.

Arguing in favour of the stock ownership system, its proponents point out that in most cases workers in a designated enterprise are only allowed to buy as much as 30 percent of the shares issued. In one case, it was cited that to prevent any individual from becoming a majority shareholder of a state-owned enterprise, an employee's stock purchase cannot exceed 5,000 yuan (Hk10,000), roughly equivalent to what a worker makes in four years.

Beyond its chief merit as an instrument for raising funds, Chinese proponents of stock floating believe that it can prod employees to work harder and more efficiently. Many factories lose money because of high waste. By introducing stock issues, it is hoped, the rate of waste will drop. This in turn will raise productivity. 'The more money the enterprises make, the more tax they pay to the government,' an official said. The stock issues could also benefit economic development by diverting consumption funds to production.

'Workers have been masters of the enterprises only politically,' an official was quoted as saying. 'But they will become masters both politically and economically if they are shareholders.'

In light of the pros and cons, it was interesting that the PEOPLE'S DAILY on 25 June carried at some length the success story of a well-known state department store in Beijing erstwhile known as the Tianqiao Arcade until it was transformed into the Tianqiao Company Ltd in 1984. The company was formed after incorporating all the retail department stores in the busy downtown Qianmen Dajie street by means of issuing three million yuan worth of stocks. It is not known how much this accounted for the amalgamated capital assets of the company. It was agreed, however, that the participating retail stores were entitled to purchase a maximum of one million yuan worth of shares and a minimum of 10 thousand with the amount offered to individuals ranging from 20,000 to 100 yuan. Consequently, the majority (numbering 400) of the company's employees became shareholders. All the shares were sold out within a very short time.

According to the PD report, the company's business 'thrived after its only dealing with the state was reduced to tax payment according to regulations.' Vested with a high degree of autonomy, the company receives no subsidy from the state, but enjoys full decision-making powers in its business operations and, of course, is responsible for its losses and the disposal of its profits.

A problem arose when the company applied for its business licence and was asked to specify whether its ownership was state, collective or private. The answer was finally settled for its being neither state nor collectively-owned, 'but a new type of commercial entity which is a mixture of all the three types of existing ownerships.'

Breaking previous administrative constraints, Tianqian has established business links with more than 300 manufacturing concerns and trading companies in 300 municipalities scattered in 22 provinces.

The freedom to purchase supplies from outside areas made a big difference as Tianqiao had been used to depend on only one source of supply. That was when all purchases from outside areas had to be approved by 'higher authorities.' Even the acquisition of fixed assets worth more than 50 yuan had to be 'approved' first.

Now the company's board of directors makes its own decisions in investing in trade, catering, and manufacturing establishments in terms of hundreds of thousands of yuan, or even a million. In fact, business is so good that the board recently decided to issue another bunch of shares worth 3 million yuan.

So it seems supporters of stock issues have won another round in the current economic reform. It is obvious that the sweeping structural changes touch not only the managerial and organizational aspects of enterprises, but also the more basic question of ownership.

But it remains to be seen to what extent stock issuing, or even stock exchange in socialist China will resemble these mechanisms as known in capitalist countries.

For one thing, 'many of the stocks issued in China are in fact bonds because they carry interest,' one official has pointed out.

This somewhat unusual practice is probably due to the risks, great or small, which stockholders are inevitably exposed to. Since losing money is a concept ordinary Chinese employees haven't got used to, it could be the interest is offered as a safeguard againt the potential risks.

Reports also say that no matter how much profit an enterprise makes, the annual dividend cannot exceed a fixed percentage, say 12 percent, of the company's share capital. Undistributed profits will be added to the share capital.

Thus a limit is set to prevent the possibility of shareholding employees living off the profits created as well as by those who do not own shares. [sentence as published] But some benefits for those who put in extra hard-earned money does seem to fit in with the general scheme of serving the interest of both the state and individuals. The question is how high is the limit?

CPP PLENARY SESSION TO BE HELD IN OCT

HK100426 Hong Kong HONG KONG STANDARD in English 10 Jul 86 p 3

[By To Yiu-ming]

[Text] The Central Committee of the Chinese Communist Party will hold a plenary session in October to discuss issues surrounding the building of a socialist culture.

According to a report by the Japanese JIJI PRESS, the Communist Party has begun preparatory work on the sixth plenary session of the 12th Central Committee.

The report said one of the purposes of the coming session is to hammer out the agenda for the 13th Party Congress to be held in the Autumn next year.

It is widely expected the 13th Party Congress will continue the policy set by the 12th Plenary Session last year, that ageing party leaders from both the Politburo and the Secretariat will be allowed to step down.

At the last meeting, 10 retiring members of the Politburo were replaced by six younger members, cutting the size of the powerful body to 20 members plus two alternate members.

The composition of the five-member Standing Committee of the Politburo, however, remains intact. The members are: Mr Deng Xiaoping, Mr Chen Yun, President, Li Xiannian, General Secretary, Hu Yaobang and Premier, Zhao Ziyang.

More reshuffling is expected at the 13th Party Congress as the two most influential leaders, Chen and Deng, will be 83 years old by then.

Apart from leadership reshuffles, a local source said another focus of the coming session will be issues on the building of a socialist culture.

It will be a continuation of the last meeting during which -- though preoccupied by the next five-year economic plan -- some party leaders also touched on the sensitive issue of party rectification.

President Li stressed then that ideological and political works would have to be strengthened during economic construction and structural reforms, while the influential economist Chen Yun, lashed out at the role of market forces and condemned the corrupt influence of capitalism on China.

The idea of placing equal emphasis on economic reforms and socialist culture was agreed by the party as shown by the fact that the building of a socialist culture has been included in the Seventh Five-year-plan (1986-1990).

One of the 10 chapters in the economic plan is on programme in four major areas for building a socialist society that is culturally and ideologically advanced.

Besides ideological and political works, other programme areas include cultural undertakings, democracy and legal system, and public order.

PRC TAKING 'A GOOD STEP' TOWARDS OVERALL REFORMS

HK101055 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 27, 7 Jul 86 p 1

["Letter From Beijing" by Bao Xin: "Reforms Are Being Carried out in an Overall Manner"]

[Excerpts] Dear brother:

Following the profound development of economic structural reform, China is now in fact carrying out overall reforms. The speech made at the Royal International Affairs Research Office by Hu Yaobang, general secretary of the CPC Central Committee, during his visit to Britain in June indicated this trend. He said: "Reforms first started in the rural areas and are now proceeding in an all-round way, which involves the economic, scientific, technological, and educational structures as well as the political field. In other words, reforms are proceeding in both the material and spiritual spheres." This development trend serves as a vivid description of China's persistence in reforms and suggests the powerful vitality of reforms. [passage omitted]

In a socialist country, leading and organizing economic construction is the basic function of state organs. Therefore, economic structural reform should be carried out in company with political structural reform. [passage omitted]

The important contents of the current political structural reform are streamlining overstaffed administration, solving the problem of having more hands than needed, and overcoming bureaucracy. We will be able to advance with light packs so long as we have better staff and simpler administration. [passage ommitted]

In carrying out overall reforms, spiritual civilization is an indispensable factor. Our basic state policy is to build China into a modern socialist country with a high degree of civilization and a high degree of democracy, and overall reforms are aimed at speeding up the realization of this target. We have taken a good step on the road of reforms. From now on, we will be more resolute in our advance and bring forward overall refoms with greater administration.

Yours,
[signed] Bao Xin
[Dated] 1 July

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China

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LIAOWANG ON ZHAO ZIYANG'S TRIP TO EUROPE, AFRICA

HK101045 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 27, 7 Jul 86 p 25

[Article by Ying Qian: "For the Sake of Friendship, Cooperation, and Peace -- Premier Zhao Ziyang Visits Six Countries"]

[Text] Premier Zhao Ziyang of the State Council began his official friendship visit on 2 July to Romania, Yugoslavia, Greece, Spain, Turkey, and Tunisia. This is another important diplomatic activity of China to develop its friendship and cooperation with Romania and five other countries following President Li Xiannian's visit to five South Asian and African countries in March of this year and General Secretary Hu Yaobang's visit to four West European countries in June this year. The frequent visits made by Chinese leaders have fully shown China's active diplomatic activities and the development of its relations with foreign countries.

The six countries that Premier Zhao is scheduled to visit are located in Europe, Asia, and Africa. They are Balkan or Mediterranean countries and they occupy important strategic positions. All six countries have attached importance to their relations with China and are willing to further develop economic cooperation and trade relations with China. They hold identical or similar views to those of China on many important world issues at present.

With the aim of "deepening understanding, promoting friendship, enhancing cooperation of mutual benefits, and maintaining world peace," Premier Zhao will separately exchange views with leaders of these six countries on bilateral relations and international issues of common concern. This will help develop in width and depth China's friendly relations and cooperation with these countries.

Romania is the first leg of Premier Zhao's present tour. As early as 5 October 1949, Romania established diplomatic relations with China. In the common cause of building socialism, the close cooperation and deep friendship between the Chinese and Romanian parties and between the two countries has continuously been consolidated and developed. In the past few years, party and government leaders of the two countries have visited one another on many occasions. The aim of these visits is to bring about long-term, steady, and overall development of the friendly relations and cooperation between the two countries. Nicolae Ceausescu, secretary general of the Romanian Communist Party and president of the republic, paid his fifth visit to China in October last year. Zhao Ziyang has gone to visit Romania this time at the invitation of Ceausescu and Prime Minister Constantin Dascalescu.

Yugoslavia is also a socialist country which was among the first countries to establish diplomatic relations with China. The Sino-Yugoslav overall friendly relations and cooperation have developed smoothly in the past years. Marked results have been obtained in cooperation in various fields and mutual understanding and mutual trust deepen with each passing day. The two countries extensively share the same view on many international issues and on many aspects of socialist construction and economic reforms. The leaders of the countries have frequently visited one another to exchange experience in reforms and the construction of the two countries, to tap potentials of and expand economic cooperation and trade, and to strengthen cooperation in international affairs. The League of Communists of Yugoslavia has just concluded its 31st congress. The present visit of Premier Zhao will push to a higher stage the cooperative relations and friendship between the Chinese and Yugoslav parties, between the two countries, and between the people of the two countries based on mutual respect, mutual trust, learning from each other, and mutual support.

Both Greece and China are countries with a long history of civilization, and the friendly exchanges between the people of the two countries date back for a long time in the past. In more than 10 years since the two countries established diplomatic relations, the relations between the two countries have developed smoothly on the basis of the five principles of peaceful coexistence. In April this year, Greek Prime Minister Papandreou said during his visit to China that although the objective conditions of Greece and China are not exactly the same, they have common experiences in their efforts to persist in domestic reforms. Commentaries in Greek newspapers said that the Greek prime minister's visit to China is a new starting point in the development of the relations between the two countries and anticipated new achievements in Premier Zhao's return visit.

Although Spain is far from China, its political and economic relations with it have developed very fast in the past years. During his visit to China in September last year, Prime Minister Gonzalez discussed with Chinese leaders new ways to expand cooperation of mutual benefit. Premier Zhao will be the first head of state of a foreign country invited by Gonazalez to visit Spain after the general election. Spanish newspapers held that the high-level talks to be held between the prime minister and the premier in Madrid are a continuation of the talks in Beijing in September last year.

The traditional friendship between China and Turkey has a long history. The famous "Silk Road" in history started from Xian (called Changan in those days) and ended in Istanbul (called Constantinople in those days), Turkey. More than 2,000 years ago, China's silk, tea, porcelain, and other things were transported to Europe by means of the "Silk Road." In the past years, the political, economic, cultural, and technological cooperation between the two countries has been strengthened markedly. The fruitful visits by Turkish President Kenan Evren in 1982 and by President Li Xiannian in 1984 added vitality to the development of the traditional friendship between the people of the two countries.

After visiting Turkey, Premier Zhao will fly across the Mediterranean to Tunisia in North Africa. Premier Zhou Enlai visited Tunisia in January 1974, when the two countries established diplomatic relations. Both China and Tunisia belong to the Third World, and their friendly relations and cooperation have a solid foundation. Tunisian leaders have spoken highly of the results of cooperation between Tunisia and China, calling such cooperation an example of cooperation between countries on the basis of respecting sovereignty, equality, and mutual benefit. President Bourguiba called the Medjerda-(Bangjue) [bang jue 6721 6037] Canal the "Tunisia-China Friendship Canal," the biggest water conservation project built with the aid of China since Tunisia won its independence. Premier Zhao's present visit to Tunisia is to reciprocate the visit by Prime Minister Mzali to China in 1984. This provides a good opportunity for the two countries to look for ways to further expand their friendly cooperation.

It can be expected that Premier Zhao's visit to the six countries will certainly promote mutual understanding, friendship, and cooperation of mutual benefit, and make new contributions to the cause of maintaining world peace.

CELEBRATION OF PRC-DPRK AMITY ANNIVERSARY CONTINUES

Wan Li Speaks on Friendship

OW110327 Beijing XINHUA Domestic Service in Chinese 1324 GMT 10 Jul 86

[Text] Beijing, 10 Jul (XINHUA) — Wan Li, member of the Political Bureau and Secretariat of the CPC Central Committee and acting premier of the State Council, pointed out here today: "We firmly believe that the great friendship, based on Marxism-Leninism and proletarian internationalism, between the Chinese and Korean peoples will surely withstand every severe test and continue to grow from one generation to another."

The West Hall of the Great Hall of the People was in festive mood this evening. Wan Li played host to a grand banquet here to mark the 25th anniversary of the signing of the Sino-Korean Treaty of Friendship, Cooperation, and Mutual Assistance.

Among those present were members of the Korean party and government delegation, headed by Yi Chong-ok, member of the Political Bureau of the KWP Central Committee and vice president of the DPRK, who are here to take part in the celebration of the 25th anniversary of the treaty and on a goodwill visit.

The treaty was signed on 11 July in Beijing 25 years ago by Premier Zhou Enlai and [then] Priemier Kim Il-song on behalf of their respective countries.

Wan Li pointed out in his speech that the signing of the treaty composed a new, historic chapter in the history of friendship between the two countries. He said: "The treaty shows the common aspirations and determination of the Chinese and Korean people to strengthen their solidarity, develop their friendship, and safeguard Asian and world peace. Thanks to the common efforts of China and Korea, Sino-Korean friendly and cooperative relations have become increasingly close; and the two countries' exchanges and cooperation in the political, economic, and cultural spheres have yielded fruitful results and have effectively enhanced the two countries' socialist construction."

Wan Li pointed out: During those years of arduous revolutionary struggle, Chinese and Korean people shared weal and woe, fought shoulder to shoulder, and developed a militant friendship, cemented by blood. As before, the people of our two countries have been supporting one another and cooperating closely while their countries are engaged in building socialism and striving to achieve peaceful reunification. Wan Li said: Just as President Kim Il-song has said, the comrade-in-arm relationship between the Chinese and Korean people is an example of internationalism.

Comrade Wan Li highly evaluated the enormous successes the Korean people have achieved in socialist construction under the leadership of President Kim Il-song and the KWP.

Turning to the situation of the Korean peninsula, Wan Li said: The sincere efforts by the KWP and the Korean Government to ease tension in the Korean peninsula and to achieve North-South contacts and dialogue enjoy popular support. China will, as always, firmly support the just stand of the Korean party and government for an independent and peaceful reunification of Korea. He added: The United States and South Korea must stop their large-scale joint military exercises, which have taken place annually, to remove obstacles to the resumption of North-South contact and dialogue.

Wan Li pointed out: "Korea's recent proposals for tripartite military-level talks, and for the establishment of a nonnuclear peace zone in the Korean peninsula, are conducive to easing tension in the peninsula, and all relevant parties should positively consider these proposals. We believe that the Korean people, who have a glorious revolutionary tradition, will certainly surmount all difficulties and achieve an independent and peaceful reunification of their fatherland."

Yi Chong-ok pointed out in his speech: The signing of the Korean-Chinese Treaty and Friendship, Cooperation, and Mutual Assistance was an epochal event which, during the course of the common struggle for freedon, emancipation, and victory for the socialist cause, has pushed the blood-cemented fraternal ties and militant solidarity of the two peoples to an even higher level. Since the signing of the treaty, the people of our two countries have made enormous contributions to defending the two countries' revolutionary achievements, expediting socialist construction, and safeguarding Asian and world peace.

He praised the Chinese people for their achievements in the struggle for building a Chinese-style socialist society under CPC leadership. He said: "All these changes happening in the great land of China show that the lines and policies set out by the CPC are correct and in line with the actual situation of the Chinese revolution and the aspirations of the Chinese people." Commenting on independent and peaceful reunification of Korea, he said: "Although there are serious obstacles on the road to the reunification of the fatherland, the Korean people will rely on the strength of North-South solidarity and will certainly reunify their divided fatherland.

He thanked the Chinese party, government and people for staunchly standing beside the Korean people and always actively supporting the Korean people's socialist construction and struggle for independent and peaceful reunification of their fatherland. He said: "We have learned from real life that the friendship between our two peoples is consolidated and dynamic -- a friendship between class brothers, based on genuine revolutionary justice.

The Korean party and government delegation arrived in Beijing by train at noon today. The distinguished Korean guests were met and entertained at a luncheon by Xi Zhongxun, member of the Political Bureau of the CPC Central Committee, at the Diaoyutai State Guesthouse.

This afternoon, Wan Li presided over a grand ceremony held at the East Gate Plaza of the Great Hall of the Chinese to welcome Yi Chong-ok and his party. At the plaza, Chinese and Korean national flags were fluttering in the breeze, and a military band played the national anthems of Korea and China. Accompanied by Wan Li, Yi Chong-ok reviewed the honor guards of the PLA ground, naval, and air forces, and met well-wishers. After the welcoming ceremony, Wan Li met with Yi Chong-ok and his party at the Great Hall of the People and had cordial and friendly conversations with them.

Xi Zhongxun, Qiao Shi, Wu Xueqian, Chen Pixian, Hao Jianxiu, Zhu Liang, Wang Meng, Ai Zhixheng, and Leading members of other relevant departments, were present at the banquet. Also present were members of the Korean Radio and Television delegation, headed by Chu Chang-chun, chairman of the Korean Central Broadcasting and Television Committee; members of the delegation of the Korean-Chinese Friendship Association headed by O Mun-han, vice chairman of the Korean Committee for Cultural Relations With Foreign Countries; diplomats from the Korean Embassy in China, and representatives of Korean experts and students studying in China.

RENMIN RIBAO Hails Treaty

OW110918 Beijing XINHUA in English 0700 GMT 11 Jul 86

[Text] Beijing, July 11 (XINHUA) -- A "PEOPLE'S DAILY" editorial today hailed the 25th anniversary of the signing of the Treaty of Friendship, Cooperation and Mutual Assistance between China and Korea, saying the treaty has contributed greatly to the peace and stability in the region. The editorial said the signing of the treaty was a great event in the history of the friendly relations between the two countries.

The treaty has played a major role in maintaining the security of the region, the editorial said. In the 25 years since the signing, exchanges of visits by leaders of the two countries have brought friendly relations to a new stage and cooperation in political, economic, scientific and technological, cultural and other fields have developed at a fast rate.

Korea and China have supported each other in their efforts to reunify their countries and the Chinese Government and people will continue to support the Korean people's efforts to bring together the two parts of Korea, the editorial concluded.

DPRK Paper Notes Relations

OW111010 Beijing XINHUA in English 1059 GMT 11 Jul 86

[Text] Pyongyang, July 11 (XINHUA) -- Korean-Chinese relations are now closer than any time in the past, according to an editorial in NODONG SINMUN today to mark the 25th anniversary of the Treaty of Friendship, Cooperation and Mutual Assistance between the two countries.

The late Chinese Premier Zhou Enlai and Korean President Kim Il-song signed the treaty July 11, 1961, in Beijing. The treaty was "a milestone" and accelerated the socialist construction of both countries and contributed greatly to the preservation of global peace, said the editorial.

It added that visits by leaders of the two countries in recent years have brought the friendly and cooperative relations to a new stage. It expressed appreciation for the Chinese people's efforts for peaceful reunification of the motherland and the maintenance of world peace. The Korean people consider China's support of their just struggle for peaceful reunification of their country a great inspiration, said the editorial.

Congratulatory messages were exchanged yesterday between Chinese leaders Hu Yaobang, general secretary of the Central Committee of the Communist Party of China, President Li Xiannian, Premier Zhao Ziyang and Chairman of the Standing Committee of the National People's Congress Peng Zhen and Korean leaders Kim Il-song, president of Korea, and Kang Song-san, premier of the Administrative Council.

Wan Li, Others Attend Rally

OW111346 Beijing XINHUA in English 1336 GMT 11 Jul 86

[Text] Beijing, July 11 (XINHUA) -- A rally was held here this afternoon to mark the 25th anniversary of the Sino-Korean Treaty of Friendship, Cooperation and Mutual Assistance.

More than 1,000 people, including Korean experts, students and diplomats in Beijing, attended the rally, which was organized by the Chinese Communist Party committee and government of the Beijing Municipality.

Members of a Korean party and government delegation headed by Yi Chong-ok, member of the Political Bureau of the Central Committee of the Korean Workers' Party and vice-president of the Democratic People's Republic of Korea, received a standing ovation as they went onto the rostrum in the company of Chinese leaders Wan Li, Xi Zhongxun, Qiao Shi and Hao Jianxiu.

Speaking at the rally, Mayor Chen Xitong, who is also a secretary of the Beijing party committee, said that since the signing of the treaty in 1961, friendly relations of cooperation between China and Korea have developed continuously. Their exchanges and cooperation in the political, economic, cultural and other fields have grown in breadth and depth.

He pointed out that leaders of the two parties and countries have maintained close contacts and exchanged views on major issues of common concern in a thorough-going way. Multi-level contacts and ties have linked the central departments and provinces of the two countries. These testify to a solid basis of and broad prospects for the Sino-Korean friendship, the mayor asserted. He pledged that people in his city, together with people all over China, will resolutely support the just struggle of the Korean people for an independent and peaceful reunification of their fatherland and all their rational proposals to this end.

Yi Chong-ok said in his speech that friendship and unity between the two parties, countries and peoples are a reliable factor favoring the socialist and communist causes in the two countries as well as peace in Asia and the world as a whole.

He reiterated that it is a firm policy of the Korean party and government to continue the Korea-China friendship from generation to generation. He told his audience that although there are barriers and difficulties on the way ahead, the Korean people are bound to realize an independent and peaceful reunification of their country with the support of all the peace-loving people in the world.

Culture Ministry Fetes DPRK Group

OW111442 Beijing XINHUA in English 1425 GMT 11 Jul 86

[Text] Beijing, July 11 (XINHUA) -- A Korean party and government delegation led by Yi Chong-ok, member of the Political Bureau of the Central Committee of the Korean Workers' Party and vice-president of the Democratic People's Republic of Korea, attended an evening performance of music, songs and dances here today.

Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee, and Wang Meng, minister of culture, accompanied the visitors at the performance sponsored by the Chinese Ministry of Culture.

Also present at the performance were a Korean radio and television delegation and a Korea-China Friendship Association delegation. The Korean party and government delegation visited a television set factory here today and will leave for Shanghai tomorrow.

Speeches at Banquet Note Ties

OW112050 Beijing XINHUA Domestic Service in Chinese 1624 GMT 11 Jul 86

[Text[Beijing, 11 Jul (XINHUA) -- On the occasion of the 25th anniversary of the China-Korea Treaty of Friendship, Cooperation, and Mutual Assistance, the Korean party and government held a grand banquet at the People's Cultural Palace in Pyongyang City today to celebrate the signing of the treaty in Beijing by Comrade Zhou Enlai and Comrade Kim Il-song on behalf of their countries 25 years ago to the day. Speeches were successively delivered during the banquet by Kang Song-san, member of the Political Bureau of the WPK Central Committee and premier of the State Administrative Council of Korea, and by Chinese Vice Premier Tian Jiyun, head of the Chinese party and government delegation.

In his speech, Kang Song-san spoke highly of the great contributions made by the Korea-China Treaty of Friendship, Cooperation, and Mutual Assistance to promoting socialist causes in Korea and China and to safeguarding peace in Asia and in the world. He also spoke highly of the Korean-Chinese friendship forged during a long common struggle. He said that the WPK and the Korean people will, as always, do their utmost to bring the friendship between the parties, governments and peoples of the two countries to a higher level.

Tian Jiyun pointed out in his speech that the China-Korea Treaty of Friendship, Cooperation, and Mutual Assistance has not only played a very important role in strengthening and developing the great friendship and close cooperation between Chinese people and Korean people, but has also yielded far-reaching effects on safeguarding the security of both countries and peace in Asia and the world. He said that Chinese party, government and people actively support the Korean people's just struggle to oppose foreign aggression, defend national independence, and achieve an independent and peaceful reunification of the motherland; support the just stand and reasonable propositions of the Korean party and government; and are willing to do their utmost to provide this support.

In their speeches, both Kang and Tian expressed their belief that the Chinese-Korean friendship surely can stand up to the severest test and be developed from generation to generation no matter what changes occur in the world situation. Yim Chun-chu, vice president of the DPRK, conferred medals of various classes of Korea on Vice Premier Tian Jiyun and some 60 other Chinese comrades this morning in recognition of their contributions to the development of Korean-Chinese friendship and cooperation.

Also this morning, the Chinese party and government delegation visited Comrade Kim Il-song's old residence at (Wanjindae). In the afternoon, they visited the Pyongyang people's study hall and watched a large group gymnastics performance, "Brilliant Korea."

Organizations Exchange Greetings

OW122027 Beijing XINHUA Domestic Service in Chinese 1511 10 Jul 86

[Text] Beijing, 10 Jul (XINHUA) -- The all-China Federation of Trade Unions, the Central Committee of the Chinese CYL, and the All-China Women's Federation exchanged congratulatory messages today with the Korean General League of Professionals, the Central Committee of the Korean Youth League, and the Central Committee of the Korean Democratic Women's Union respectively to warmly greet each other on the occasion of the 25th anniversary of the signing of the Sino-Korean Treaty of Friendship, Coopération, and Mutual Assistance.

Tian Jiyun At Military Academy

OW130845 Beijing XINHUA Domestic Service in Chinese 1552 GMT 12 Jul 86

[By reporter Gao Haorong]

[Text] Pyongyang, 12 Jul (XINHUA) -- The Chinese party and government delegation led by Vice Premier Tian Jiyun was warmly welcomed by teachers and students when it visited Korea's Kang Kon General Military Academy today. At the welcoming rally, commandant of the academy Chon Mun-ok recalled the history of the people and armies of Korea and China fighting together. He praised the effective reduction-in-force reorganization undertaken by the Chinese PLA to promote national defense modernization.

Addressing the rally, Deputy Chief of Staff Xu Huizi said that the people and armies of China and Korea have forged a profound militant friendship by sharing weal and woe and supporting one another in their long struggle against foreign aggression. Today, this traditional friendship is being strengthened and developed in the struggle to defend world security, build socialism, and realize national reunification, and in the cause of safeguarding peace in Asia as well as throughout the world.

This morning the Chinese delegation visited the Chuche tower in downtown Pyongyang and ascended to the top to have a good view of the city.

Tian Jiyun Delegation Decorated

OW131255 Beijing XINHUA Domestic Service in Chinese 1204 GMT 11 Jul 86

[By reporter Li Tu]

[Text] Pyongyang, 11 July (XINHUA) -- Yim Chun-chu, vice president of the DPRK, at the national auditorium this morning presented medals and decorations to more than 60 Chinese comrades and to members of the Chinese party and government delegation headed by Vice Premier Tian Jiyun.

Yim Chun-chu first read the Central People's Committee order signed by President Kim Il-song. The order said: The medals and decorations are conferred on the Chinese party and government delegation and other Chinese comrades in recognition of their contributions to developing friendship and cooperation between Korea and China and of their earnest support for Korea's peaceful reunification.

After reading the order, Vice President Yim Chun-chu conferred a national flag medal, first class, on delegation head Tian Jiyun; a freedom and independence medal, first class, on Xu Huizi; and friendship medals, first class, on Jiang Guanghua and Lu Xuejian.

Today Korea also conferred medals and decorations on 59 other Chinese comrades. They included members of the visiting fourth delegation of the Chinese People's Association for Friendship With Foreign Countries and the Chinese-Korean Friendship Association and personnel of the Chinese Embassy and other permanent Chinese missions in Korea.

In reply, delegation headed Tian Jiyun sincerely thanked the Korean party and government on behalf of the awarded Chinese comrades. He said that the medals and decorations were not only a personal honor but, more importantly, they also reflected the fraternal Korean people's valuable friendly sentiments for the Chinese people.

Korean party and government leaders attending the award ceremony included Kye Ung-tae, Yon Hyong-muk, and Pak Chung-kuk. This morning the Chinese party and government delegation also visited Comrade Kim Il-song's former residence in Mangyongdae.

Kim Il-song Meets Tian Jiyun

OW122012 Beijing XINHUA Domestic Service in Chinese 1536 GMT 12 Jul 86

[By reporter Li Tu]

[Text] Pyongyang, 12 July (XINHUA) -- Kim Il-song, general secretary of the Workers Party of Korea Central Committee and president of the DPRK, met with the Chinese party and government delegation this afternoon. The Chinese delegation is headed by Tian Jiyun, member of the Political Bureau and the Secretariat of the CPC Central Committee and vice premier of the State Council.

President Kim Il-song said he is very happy that on the occasion of the 25th anniversary of the Korea-China Treaty of Friendship, Cooperation, and Mutual Assistance, the Chinese party and government delegation and other delegations have come to Korea to take part in the commemoration activities. He said: The visit to Korea by the Chinese party and government delegation has inspired the Korean people, shown to the whole world the friendship between Korea and China, and contributed to strengthening the friendship.

Comrade Tian Jiyun conveyed to President Kim Il-song regards from Hu Yaobang, Deng Xiaoping, and other Chinese leaders. Kim Il-song expressed his thanks and asked Tian Jiyun to convey his regards to Hu Yaobang, Deng Xiaoping, and other comrades.

During the cordial and friendly conversation which lasted more than 1 hour, President Kim Il-song and Vice Premier Tian Jiyun exchanged information on each other's countries. Kim Il-song said: In Korea, cold weather has damaged agriculture in some localities, but the overall situation of industrial and agricultural production is good.

After Tian Jiyun briefed him on the latest situation of China's economic structural reform and this year's production, Kim Il-song said: We support your reform and your building of socialism with Chinese characteristics. China has rich experience and it has taken some risks in the reform. China always handles problems with mature methods. He said: We are very happy that you have done your work well and made achievements.

After the conversation, Kim Il-song posed with the delegation for a group photo, and gave a banquet for the delegation. President Kim Il-song today also met with a CPC goodwill visiting group headed by Wang Fang, member of the CPC Central Committee and secretary of the Zhejiang Provincial CPC Committee. Korean party and government leaders Yon Hyong-muk and Kye Ung-tae also took part in the activities.

Tian Attends Nampo Mass Rally

OW131230 Beijing XINHUA in English 1159 GMT 13 Jul 86

[Text] Pyongyang, July (XINHUA) -- A mass rally was held in Nampo City today to welcome a Chinese party and government delegation, which is here to celebrate the 25th anniversary of the China-Korea Treaty of Friendship, Cooperation and Mutual Assistance.

Nampo City Party Secretary Pak Song-il and Chinese Vice Premier Tian Jiyun, head of the Chinese delegation, in their speeches to the 50,000 people attending the rally, praised the cooperation and friendship between the two countries and emphasized the importance of sustaining efforts to lower tension on the Korean peninsula.

They exchanged silk banners after their speeches. Also present at the rally were Korean party and state leaders Yon Hyong-muk and Yang Hyong-sop.

DPRK Delegation in Shanghai

OW121416 Beijing XINHUA in English 1358 GMT 12 Jul 86

[Text] Shanghai, July 12 (XINHUA) -- A Korean party and government delegation headed by Yi Chong-ok, member of the Political Bureau of the Central Committee of the Korean Workers' Party and vice-president of the Democratic People's Republic of Korea, arrived here today. The delegation was greeted at the airport by Rui Xinguen, secretary of the Shanghai committee of the Communist Party of China (CPC), and other local leaders.

The Korean visitors were given a rousing welcome by workers of the Baoshan iron and steel complex during their visit there this afternoon. They were briefed on the construction of the complex. Yi Chong-ok wrote in the visitors' book his wish for great achievements by workers of the complex in modernizing China.

The Korean visitors also went on a cruise along the Huangpu River this afternoon. They were entertained at a dinner given by Rui Xingwen and Jiang Zemin, mayor of Shanghai, in the evening.

Chen Pixian Meets DPRK Group

OW131232 Beijing XINHUA in English 0937 GMT 13 Jul 86

[Text] Beijing, July 13 (XINHUA) -- Chen Pixian, vice-chairman of the Standing Committee of the National People's Congress, met two delegations from Yanggang and North Pyongan provinces of the Democratic People's Republic of Korea, here this afternoon at the Great Hall of the People.

The two delegation are led by Pak Chon-hwa and Yu Chae-man, vice-chairmen of the committees for administration and economic guidance of the provinces. Chen briefed the visitors on China's economic reform and had a cordial talk with them.

The delegations have come to China as guests of the people's governments of Jilin and Liaoning Provinces to attend celebrations of the 25th anniversary of the signing of the Treaty of Friendship, Cooperation and Mutual Assistance between the two countries.

Deng Xiaping Meets DPRK Party

OW140731 Beijing XINHUA in English 0712 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- Chinese leader Deng Xiaoping said here today that China's on-going reform of the urban economic structure, a comprehensive economic restructuring, also includes reform of some aspects of the country's political structure. Deng, chairman of the Central Advisory Commission of the Communist Party of China (CPC), said that at a meeting with a Korean party and government delegation here this morning.

Yi Chong-ok, member of the Political Bureau of the central Committee of the Korean Workers' Party and vice-president of the Democratic People's Republic of Korea, and his delegation are here to celebrate the 25th anniversary of the Sino-Korean Treaty of Friendship, Cooperation and Mutual Assistance.

Deng told the visitors that it is of great significance for China and Korea to exchange delegations on this occasion. It demonstrates the militant unity and fraternal friendship between the two countries. He noted that the two countries, which have maintained sound cooperation for many years, have the common task to continue their cooperation forever.

Yi told Deng that members of his delegation have seen great changes in China during their current visit.

Deng, terming the changes since 1978 as only small ones, said, "We are trying to realize a medium change by the end of this century, i.e., to have a national income exceeding 1,000 billion U.S. dollars, averaging 800 to 1,000 U.S. dollars per head," Deng added. What is more important, he said, is to realize a greater change in the first 30 to 50 years of the next century. "Only by then can we say that we have realized the four modernizations in the country and moved near to the level of developed countries," he said.

Deng said that the whole country is now working to create conditions for such medium and big changes through the current reform. The next five years covered by the country's Seventh Five-Year Plan for socio-economic development will be crucial. If the reform succeeds in this period, he said, conditions will have been created for a long-term, stable and continuous development of the country in this as well as the next century. "Judging by what we have achieved, such a goal can be realized," he asserted.

Yi told Deng that they have spent a good time in China. What has impressed them most is that young administrators they saw in China enterprises are leading production competently.

Deng replied that both Korea and China have paid attention to promoting younger cadres.

Yi conveyed greetings from Korean leaders Kim Il-song and Kim Chong-il to Deng, who in turn asked Yi to pass his best regards to them.

Tian Jiyun Delegation Returns

OW140958 Beijing XINHUA in English 0947 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- A Chinese party and government delegation returned here this afternoon from Pyongyang after attending celebrations marking the 25th anniversary of the signing of the Sino-Korean Treaty of Friendship, Cooperation and Mutual Assistance.

The delegation was led by Tian Jiyun, member of the Political Bureau and of the Secretariat of the Chinese Communist Party Central Committee and vice-premier.

Greeting the delegation at the airport were Zhu Liang, head of the International Liaison Department under the CPC Central Committee, and Sin In-ha, Korean ambassador to China.

DPRK Delegation Departs Shanghai

OW131228 Beijing XINHUA in English 1153 GMT 13 Jul 86

[Text] Shanghai, July 13 (XINHUA) -- A Korean party and government delegation headed by Yi Chong-ok, member of the Political Bureau of the Korean Workers' Party Central Committee and vice-president of the Democratic People's Republic of Korea, left here for Beijing this afternoon. Earlier today, the Korean guests visited a shirt workshop and a wrist watch factory in Shanghai.

DPRK DENOUNCES U.S.-ROK REJECTION OF ARMS TALKS

OW140812 Beijing XINHUA in English 0726 GMT 14 Jul 86

[Text] Pyongyang, July 14 (XINHUA) -- The Democratic People's Republic of Korea (DPRK) today denounced the U.S.-South Korean refusal to accept a second letter sent by O Chin-u, DPRK minister of People's Armed Forces, calling for tripartite military talks.

The United States and South Korean authorities showed "an extremely irresponsible and insincere attitude" in refusing to accept the letter addressed to William Livesy, commander of U.S. forces in South Korea, and Yi Ki-paek, South Korean defense minister, a spokesman for the DPRK Ministry of People's Armed Forces said in a statement today.

The refusal indicated that the U.S.-South Korean side is "seeking confrontation and war" instead of detente, dialogue and peace, the statement said. Pointing out that the DPRK's proposal for military talks between the U.S. forces and the North and the South of Korea is just and reasonable, the statement called on the United States to abandon its objection to the talks.

The original proposal for tripartite military talks was raised by the DPRK on June 9 but was rejected by the United States and South Korean authorities. The DPRK recently broadcast the text of two letters by O Chin-u urging the U.S.-South Korean side to reconsider the proposal carefully and make a positive response.

XINHUA CITES HANOI RADIO ON LE DUAN DEATH

OW101228 Beijing XINHUA in English 1222 GMT 10 Jul 86

[Text] Hanoi, July 10 (XINHUA) -- Le Duan, general secretary of the Central Committee of the Communist Party of Vietnam, died at the age of 79 after failing to respond to any medical treatment at 03:30 (local time) on July 10, according to an obituary announced by the Voice of Vietnam here today.

Since December 1976 until his death, Le Duan had been general secretary of the Communist Party of Vietnam (CPV). He entered the Central Committee and Political Bureau of CPV in 1951 and was the first secretary of the Central Committee of the CPV from 1960 to 1976.

COMMENTS ON ATTEMPTED COUP IN PHILIPPINES

HK100811 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1143 GMT 8 Jul 86

["Short commentary" by Shao Ling: "The Aquino Regime Peacefully Passes a Crisis" -- ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 8 July (ZHONGGUO TONGXUN SHE) -- Yesterday (7 July), 53 year-old President Corazon Aquino put down a coup without resorting to force. This is the first violent coup attempt to overthrow her since she came to power. It can be said that this political victory will help enhance her prestige. Foreign analysts said that with full confidence, the Aquino regime turned the whole incident into a slight embarrassing joke. Corazon Aquino has established an image of calmness and confidence.

The coup was engineered by Tolentino, running mate of former President Marcos. On Sunday [6 July], when President Corazon Aquino went to the southern Philippines for an inspection and Vice President Laurel was visiting Europe, Tolentino mustered some 1,000 servicemen and marines who were Marcos loyalists and stirred up this coup. The performance of the coupists looked remarkably real. Pretending to be serious, they "took an oath of office of acting president" at the Manila Hotel and proclaimed the formation of a "new government." However, this coup was foiled in less than 13 hours. After returning to Manila, Corazon Aquino held a meeting of senior officials, including Defense Minister Enrile and Armed Forces Chief of Staff Ramos. She also made a nationwide speech announcing that the situation in Manila was completely under control. Tolentino and his supporters, gathered at the Manila Hotel, "do not pose any serious threat to the government."

It has just been about 4 months since Corazon Aquino came to power. She inherited an awful mess from Marcos. She urged the nation to give her more time to reconstruct the economy and stabilize the political situation, so that the Philippines could develop on the right track at an earlier time. In fact, over the past 100 days and more, President Aquino has been striving to fulfill the promise she made when she was sworn in. Internally, she adopted a series of measures to overcome the Philippines' serious economic difficulties and to invigorate the national economy. The Philippines is an agricultural country. Thus, she advocated the practice of giving priority to agricultural development. She formulated a series of measures to promote agricultural development, such as cutting export taxes on agricultural products and sales taxes on chemical fertilizer. [paragraph continues]

Through strengthening agricultural development and encouragement of private enterprise development, she strived to create 1 million job opportunities between 1986 and 1987. Furthermore, President Corazon Aquino has been actively seeking new help from foreign capital and aid, so as to ease the foreign debt burden, which amounts to as much as $26.2 million.

In order to resolve the civil war problem, which has seriously puzzled the Philippines, Corazon Aquino released the country's political prisoners, including Sison, former chairman of the Communist Party of the Philippines and Buscayno, commander of the New People's Army. President Corazon Aquino also insisted on holding talks with the Philippine communists. Recently, the Philippine communist leaders agreed on sending representatives to hold cease-fire talks with her so as to end the 17-year-old civil war. Moreover, President Corazon Aquino has not taken any violent action against the loyalists and supporters of Marcos.

On foreign affairs, the Aquino government adopted an active foreign policy. In addition to consolidating its relationship with members of the Association of Southeast Asian Nations, it continues and actively develops the friendly relations with the United States and China. Vice President Laurel has just completed his visit to China. President Corazon Aquino also expressed that she accepted the Chinese Government's invitation and would visit China within this year. At the same time, she also plans to visit the United States in September.

Of course, the Aquino regime now indeed faces many problems. In particular, the military assumed an ambiguous attitude so that the Marcos loyalists could take this opportunity. On the 100th day after she came to power, Aquino pointed out frankly, "If the time up to this moment is regarded as the honeymoon period, what will happen after the honeymoon is too difficult for me to imagine." Therefore, we can see that she is farsighted and faces difficulties squarely. To acknowledge problems shows that she is brave and full of confidence. She can overcome difficulties by mobilizing people power. But Marcos supporters erroneously thought it was the right time to engineer restorationist activities. Eventually, their activities soon ended in failure. This just shows that they had no understanding of the times.

BURMESE GOVERNMENT DELEGATION VISITS BEIJING

OW102138 Beijing XINHUA in English 1508 GMT 10 Jul 86

[Text] Beijing, July 10 (XINHUA) -- A Burmese Government delegation headed by U Tint Swe, minister of the first industry, was honored at a dinner hosted here today by Wu Wenying, Chinese minister of textile industry.

In their toasts, the two ministers reviewed with satisfaction the friendship between the two countries and their cooperation in the textile industry.

This morning, the two ministers held talks on the economic and technical cooperation between China and Burma.

U Tint Swe asked his host to convey Burmese President U San Yu's best regards to President Li Xiannian.

The Burmese delegation arrived here yesterday at the invitation of China's Ministry of Textile Industry.

ZHAO ZIYANG CONTINUES TRIP TO EUROPE, AFRICA

Meets Greek President, Speaker

OW111230 Beijing XINHUA in English 1205 GMT 11 Jul 86

[Text] Athens, July 11 (XINHUA) — Chinese Premier Zhao Ziyang today met with Greek President Christos Sartzetakis and extended an invitation to him to visit China, which was accepted by the president, official sources said. Zhao, who arrived here Thursday on an official visit, accorded the invitation on behalf of Chinese President Li Xiannian during a courtesy call on the Greek President at the Presidential palace here this morning.

Sartzetakis welcomed Zhao to Greece. Premier Zhao said it was his honor to have the opportunity to make the acquaintance of President Sartzetakis. Sartzetakis said that the Greek people have an affection and admiration for the great Chinese people. They are not unknown to each other though their countries are far apart geographically, he noted.

During another meeting later today with Parliament Speaker Ioannis Alevras, Premier Zhao praised Alevras for his contribution to the development of Sino-Greek friendship and cooperation and expressed the hope that there would be more contacts between the two countries' parliamentarians.

Alevras, who led a parliamentary delegation on a visit to China three years ago, said he was most impressed during the visit by the Chinese people's hospitality and their determined efforts to achieve their country's prosperity and to raise people's living standards.

The Chinese premier this morning also laid a wreath at the "Monument to Unknown Soldier" at the Constitutional Square in the city center to honor those who had devoted their lives to the national independence of their country.

Visits Archeological Museum

OW111342 Beijing XINHUA in English 1332 GMT 11 Jul 86

[Text] Athens, July 11 (XINHUA) — Visiting Chinese Premier Zhao Ziyang today expressed the hope that China and Greece would further promote their cultural exchanges. Premier Zhao said this at the end of a visit to the National Archeological Museum of Athens this morning. Accompanied by Greek Minister of Culture and Science Melina Mercouri, Zhao toured the major sections of the famous museum with great interest.

The Chinese premier inspected the exhibits of the earliest stone sculptures and other excavated articles that feature the full range of almost 3,000 years of ancient Greek civilization. After the short visit to the museum, Zhao said that both China and Greece have the most ancient civilizations. "Greece and China would make more contributions to the world if the two nations increase cultural exchanges," he said.

The Archeological Museum, built in 1866, has a collection of the most splendid works of ancient arts found in Greece. It is the biggest and richest museum of Greece and one of the most significant museums in the world for the study of ancient Greek arts.

Hosts Return Banquet in Athens

OW120022 Beijing XINHUA in English 2347 GMT 11 Jul 86

[Text] Athens, July 11 (XINHUA) — Visiting Chinese Premier Zhao Ziyang gave a return banquet here this evening toward the end of his two-day official goodwill visit to the Hellenic Republic. Present at the banquet were more than 200 people including Greek Prime Minister Andreas Papandreou, Deputy Prime Minister and Minister of National Defense Ioannis Kharalambopoulos, President of the Greek Parliament Ioannis Alevras, senior officers of the Greek Army, Greek-Chinese Friendship Association officials, other well known personages and representatives of Overseas Chinese.

In a toast at the banquet, Premier Zhao Ziyang expressed deep gratitude for the hospitality accorded to him by the Greek people and government, which, he said, made him feel at home. He said that his fruitful talks with Prime Minister Papandreou, his cordial meeting with President Christos Sartzetakis and Parliament President Ioannis Alevras and his contacts with other people had helped enhance mutual understanding and trust. "This will further promote the friendship and cooperation between the people of China and Greece, he said. Zhao said that his visit had reached the desired aim and his tour of the Crete Island after the official visit will make his visit more pleasant and more memorable.

In reply, Greek Prime Minister Papandreou paid high tribute to the achievements made by the Chinese people in economic and social development, adding that China will play an even bigger role in the international arena in the remaining years of this century and also in the next.

Papandreou said that through talks, he has found that he shared identical or similar views with the Chinese premier on major international issues. China and Greece have many other things in common, he said. Both are conscientiously working for world peace, detente, and the independence and freedom of the people. The bilateral relations between Greece and China, he noted, have made a big stride forward, though it has not been long.

The Chinese premier is scheduled to tour the Crete Island, one of the largest in Greece noted for the ancient palace buildings and beautiful scenery there. He will fly to Spain from there on the fourth leg of his official visit to the Mediterranean and Balkan region.

At noon today, Chinese Vice-Foreign Minister Qian Qichen, who is accompanying Premier Zhao on the visit, held talks with Greek Foreign Minister Karolos Papoulias. No details about the talks were revealed.

Meets Greek Communist Leader

OW112358 Beijing XINHUA in English 2342 GMT 11 Jul 86

[Text] Athens, July 11 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang today met with Leonidas Kyrkos, general secretary of the Central Committee of the Communist Party of Greece (interior) at the Athens Astir Hotel where is is staying. Zhao, also a member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, congratulated Kyrkos on his election as general secretary of the Central Committee of his party at its fourth congress held last year. Zhao invited Kyrkos to visit China at a time convenient to him.

Concludes Visit to Greece

OW120944 Beijing XINHUA in English 0931 GMT 12 Jul 86

[Text] Athens, July 12 (XINHUA) — Visiting Chinese Premier Zhao Ziyang left here today for a tour of the Crete Island winding up the substantive part of his official goodwill visit to Greece. A send-off ceremony was held at the Athens international airport. Greek Prime Minister Andreas Papandreou headed a host of high-ranking officials of the Greek Government to say good-bye to the Chinese premier.

The premier's visit, which began on July 10, is considered here as a great impetus on the development of the bilateral relations between China and Greece.

Premier Zhao said in his toast at the return banquet yesterday evening that he has achieved what he had expected of the visit. To help further the economic and trade relations between the two countries and open broader prospects for cooperation.

During the three-day visit in Athens, Premier Zhao was received by Greek President Christos Sartzetakis and met with Greek Parliament President Yannis Alevras.

The Prime ministers of the two countries also exchanged views on international topics, particularly on arms race between the two superpowers, Europe's role in world order and problems in the Mediterranean and other parts of the world. Both agreed that they shared identical or close views.

Despite the tight schedule, Premier Zhao Ziyang visited a historical museum to acquaint himself with the long history of Greece and the wisdom of the people of this ancient civilization. This, and his coming tour of the beautiful Crete Island, will make his visit to Greece "more pleasant and more memorable" as Premier Zhao put it.

Wrap-Up on Athens Visit

OW130138 Beijing XINHUA Domestic Service in Chinese 1606 GMT 11 Jul 86

[Text] Athens, 11 Jul (XINHUA) -- Zhao Ziyang, premier of the Chinese State Council, called on President Christos Sartzetakis of the Hellenic Republic this morning. President Sartzetakis said: "I am very glad to meet the premier of great China today. The Greek people cherish the feeling of deep love and admiration for the Chinese people. Despite the long distance between our two countries, the Greek and Chinese peoples are not unfamiliar with each other."

After the meetin, Zhao Ziyang placed a wreath at the Tomb of Unknown Soldiers in downtown Athens.

At noon on 10 July, Premier Zhao Ziyang called on Greek Prime Minister Papandreou and had a friendly conversation with him. In the afternoon, Zhao Ziyang and Papandreou held official talks on the international situyation and the further development of Sino-Greek relations of friendship and cooperation. The premiers of the two countries shared identical or similar views on the questions they discussed.

On the evening of 10 July, Greek Prime Minister Papandreou hosted a grand banquet in honor of Premier Zhao Ziyang. In a speech delivered at the banquet, Prime Minister Papandreou said that the relations between Greece and China are quite satisfactory, and that the two countries have the same historical characteristics.

He pointed out: "If the principles of national independence, preservation of world peace, opposition to hegemonism, non-interference in others' internal affairs, and respect for the rights of weak and small countries have increasingly become the basis of international relations today, the Greece and China have really made concerted efforts to bring this about."

Papandreou said that China's new economic policies, formulated and put into effect in recent years, have opened new vistas for the development and improvement of economic and trade relations between the two countries.

Premier Zhao Ziyang said in his speech that the Chinese people heartily rejoice at the great achievements the Greek people have scored in building up their own country and wish them to achieve continuous new successes on the road of advancement.

Referring to the international situation, Zhao Ziyang said that development in peace is a common desire of all countries in the world. He pointed out: "Now, more and more countries are determined to hold their fates in their own hands, take positive actions of one kind or another to oppose aggression, and safeguard peace. It is our firm belief that with the joint efforts of all peoples and all peace forces in the world, the international tension can be eased, and world peace can be maintained."

Touching on the Mediterranean situation, Zhao Ziyang said that the Chinese people are deeply concerned about the situation in that region. He said that China is opposed to all forms of terrorism, the use of terrorism as a tool for political struggle, and the encroachment upon the territorial sovereignty of other countries on the excuse of striking at terrorism. The Mediterranean Sea, which links the three continents of Europe, Asia, and Africa, should be a sea of peace and freindship rather than an arena for staging a show of force, he stressed.

Leaves Crete for Madrid

OW140736 Beijing XINHUA in English 0720 GMT 14 Jul 86

[Text] Crete Island, Greece, July 14 (XINHUA) -- Chinese Premier Zhao Ziyang left here for Madrid this morning at the conclusion of his official goodwill visit to Greece.

During his two-day stay on this largest resort island in Greece, the premier visited the World-famous Palace of Knosos and cruised the beautiful Gulf of Marmbeliou. He was received warmly by the local government and people.

Premier Zhao arrived here last Saturday from Athens. Before his departure, the Greek Prime Minister Andreas Papandreou held a send-off ceremony for him.

Spanish Leader Welcomes Visit

OW110930 Beijing XINHUA in English 0823 GMT 11 Jul 86

[Text] Madrid, July 10 (XINHUA) — Spanish Prime Minister Felipe Gonzalez said here today that the upcoming visit by Chinese Premier Zhao Ziyang will promote friendly bilateral relations and cooperation between the two countries.

In an interview with Radio Beijing, Gonzalez stressed that Zhao's visit should be considered in a European context. Since joining the European Community in January, Gonzalez said Spain wants the community's foreign policy to be a coordinated one. Therefore, Zhao's visit will be beneficial both in a bilateral context and a European context, he added.

Gonzalez pointed out that Madrid and Beijing do not have any differences standing in the way of developing bilateral cooperation, instead, they share viewpoints on the international situation. He described this as an advantage for both countries. "It is on this basis that we have begun technology exchanges, which will further consolidate our relationship," the prime minister said.

Turning to world peace, Gonzalez said that Spain has consistently refused to have atomic weapons on its territory.

Gonzalez spoke highly of China's policy of "opening to the outside world." He said that this policy has been responsible for incalculable historic changes in China. He told Radio Beijing that during his tour of China last year he saw the vitality of a society which is in the process of modernization. To him, Gonzalez added, the opening of China to the outside world is an outcome of modernization itself.

"China will contribute, in the international context, to the overcoming of the present bipolar world and introduce elements of multipolarity to international relations and further guarantee the development of peace," Gonzalez concluded.

Visit Hailed by Spanish Press

OW140210 Beijing XINHUA in English 0155 GMT 14 Jul 86

[Text] Madrid, July 13 (XINHUA) -- ABC, one of Spain's large, influential newspapers, today said Chinese Priemier Zhao Ziyang's forthcoming visit to Madrid is of "special significance" and will have a positive impact on Spanish-Sino relations.

The Madrid daily noted in an article that Premier Zhao's entourage includes many important leaders responsible for China's moderization program.

The Spanish national TV station last night broadcast a special program introducing the rapid development of Sino-Spanish relations and China's achievements in its moderization construction.

Premier Zhao is due to arrive here tomorrow morning for a four-day visit after winding up a tour of Romania, Yugoslavia and Greece. He will with Spanish Prime Minister Felipe Gonzale for talks on international issues and bilateral relations before continuing his six-nation tour that will also take him to Turkey and Tunisia.

ZHAO ZIYANG HAILS YUGOSLAVIA'S REFORMS

OW101250 Beijing XINHUA in English 1231 GMT 10 Jul 86

[Text] Belgrade July 10 (XINHUA) -- Chinese Premier Zhao Ziyang, who has concluded a visit to Yugoslavia, says China, which is focusing its structural reform on urban economy, has been greatly enlightened by the experience in Yugoslavia's reform.

In an interview with the Yugoslav newspaper "NEWS WEEKLY", which will appear Friday, Zhao said that Yugoslavia, "a pioneer of reform", has been carrying out reforms unswervingly and persistently in the past 30 years under the leadership of late President Josip Broz Tito. "The Chinese people are encouraged by the achievements in the Yugoslav reform, and have been greatly enlightened by the experience in the Yugoslav reform," Zhao said. He believes that Yugoslavians will overcome the temporary difficulties, and continue gaining successfully in the course of their reform.

Zhao also noted that the tide of reform has surged forward in almost all the socialist countries in recent years, and this is by no means an accidental phenomenon. China hopes reforms in all socialist countries will benefit their people, he added.

In the interview which was made July 7, the Chinese premier told "NEWS WEEKLY" that the focus of reform in China has been shifted from rural to urban areas to enhance the vitality of enterprises, develop a market system and set up a macro-regulating mechanism that gives greater play to various economic levers. The new economic structure, Zhao went on, will let enterprises compete and give them sole responsibility for their profits and losses. They will manage themselves, and be allowed to accumulate funds, transform and develop themselves, he emphasized. Over the past five years, Zhao said, China's gross national product (GNP) and national income grew at an average annual rate of about 10 percent whereas from 1953 to 1980 the rate was between 6 and 8 percent.

Referring to rural reform, the premier said relations between the state and farmers have changed enormously, with farmers now working to honor economic contracts or to meet market demand directly. China's total agricultural output over the past five years grew 11 percent annually, and the annual per capita income of rural residents jumped 14 percent -- statistics which are unprecedented in Chinese history, said Zhao.

As to urban reform, Zhao said, there are now 4.5 million self-employed people playing an indispensable role in the economies of China's towns and cities, Zhao said. But, he added that the individual economy accounts for only a small proportion of the national economy: less than one percent of the total industrial output value and 15 percent of the total turnover in the retail and service trades.

Therefore, public-owned enterprises are decisive factors in urban reform. Zhao said key measures in such reform include enlarging the decision-making power of enterprises and lessening the government's administrative intervention in their affairs. Zhao admitted that policies toward small public-owned enterprises are more flexible, while big state-owned enterprises still lack vigor.

At present, Zhao said, there are more than 2,500 joint ventures, cooperative enterprises and exclusively foreign owned firms in China. Arrangements are being made to set up 3,800 similar enterprises, and China is preparing to give more preferential terms to foreign investors.

Asked if China has encountered any resistance at home or abroad to its economic reforms, the premier said, "Traditional concepts, force of habit and bureaucracy are obstacles to reform." But the reforms will continue, Zhao declared, because the majority of people already enjoy tangible benefits from the on-going reforms and will continue to support them, as do the nation's leaders.

Zhao said China regards the threat to world peace as another obstacle to its economic reform. Therefore, China is determined to work with all people throughout the world to oppose war and maintain an enduring peace.

COMMENTARIES ON ZHAO'S YUGOSLAVIA VISIT

Newspapers Praise Visit

OW102001 Beijing XINHUA in English 1441 GMT 10 Jul 86

[Text] Belgrade, July 10 (XINHUA) -- Chinese Premier Zhao Ziyang's visit to Yugoslavia brought new values to relations between Yugoslavia and China, according to comments in today's Yugoslav daily newspapers.

A commentary in "POLITIKA" said, "China is one of the socialist countries that appreciates in a respectful manner the achievements and the course of Yugoslav self-management system." "On the other hand," the commentary said, "Yugoslavia is one of the countries that follows China's economic reform with great interest and expresses a political support for China in seeking its own course of the reform."

The newspaper said the two countries view the world situation in an obviously similar vein. "As independent and positive factors in international relations, the two countries hold identical views on socialism and peace," the commentary said.

The daily "BORBA" described Yugoslav-Chinese relations as excellent. The paper said besides words and expressions of friendship and wishes for all-around cooperation, the Yugoslav-Chinese talks contained many concrete proposals for turning good wishes into reality.

Visit Will Enhance Ties

OW110554 Beijing XINHUA in English 0531 GMT 11 Jul 86

[Text] Belgrade, July 10 (XINHUA) -- Yugoslavia and China are determined to develop their long-term cooperation, a Yugoslav Foreign Ministry spokesman said today at the end of Chinese Premier Zhao Ziyang's visit to Yugoslavia. In a press conference, Aleksandar Stanic said that the Chinese premier's visit was a big step in the development of Sino-Yugoslav friendly relations and cooperation and was important in the maintaining of world peace.

During Zhao's four-day stay, the leaders of the two countries had identical or similar views on international issues they discussed, the spokesman noted, adding that the visit will help the two countries to play further role in the international arena and will promote democratization of inter-state relations and help preserve world peace.

ZHAO ZIYANG INTERVIEWED BY YUGOSLAV JOURNAL

HK110438 Beijing XINHUA Hong Kong Service in Chinese 1152 GMT 10 Jul 86

[Report: "Premier Zhao Ziyang Answers the Questions of the Editor-in-Chief of Yugoslav 'NEW WEEKLY'" -- XINHUA headline]

[Text] Belgrade, 10 Jul (XINHUA) -- Chinese Premier Zhao Ziyang met with Jiejiqi [2638 1015 1142], editor-in-chief of the Yugoslav newspaper NEW WEEKLY, on 7 July, and answered his questions about China's economic reform. The following is the full text of the questions and answers:

Question: Comrade Premier, could you please talk about the orientation and principle of China's economic structural reform and its achievements?

Answer: China's economic reform began in the countryside in the late 1970's. Two years ago, the focus of reform was shifted to cities. Now, the reform mainly serves the three interrelated purposes: First, making enterprises more dynamic; second, developing a market system; and third, establishing and perfecting macroeconomic regulatory means, and in particular, giving play to the law of value and various economic levers.

We hold that in order to develop a planned commodity economy, it is necessary to invigorate the enterprises. Socialism is a vigorous system. It requires that all enterprise managers and workers display a high degree of initiative, enthusiasm, and creativity. The new economic structure that we are building will enable the enterprises to operate in a vigorous and dynamic way. Under this structure, the enterprises will compete with each other under basically equal conditions, will bear sole responsibilities for their profits and losses, will have full decision-making power in their routine operations, and will have the ability to accumulate funds, transform technology, and develop production capacity by relying on their own strength.

Reform is a grand project of systems engineering. We will link our overall reform program with the settlement of some urgent questions in economic development in a certain period and will adopt well-coordinated reform measures in an orderly way according to needs and possibilities. This is an evolutionary process. We are trying to advance steadily and prudently, but we will always be firm in carrying the reform through to the end.

As far as the achievements are concerned, I want to point out these facts: China's Sixth 5-Year Plan between 1981 and 1985 has been successfully fulfilled. In the past 5 years, China's gross social production, total industrial and agricultural output value, gross national production, and national income have all increased by an annual average of about 10 percent, while the annual average growth rates of these items in the 28 years between 1953 and 1980 were merely between 6 percent and 8 percent. The successful fulfillment of the Sixth 5-Year Plan shows that our new construction principles and economic policies are better suited to our country's realities. It also shows that our economic structural reform has achieved initial results.

Question: What changes have occurred in China's cities and countryside through reforms in recent years? What position do the Chinese peasants and their enterprises now hold? To what degree can they independently decide their own operations? To what degree are they subject to the state's control?

Answer: Our rural reform has been carried out for 7 years. In this period, the first reform step was to change the collective farming system based on production teams and communes to the household production responsibility system based on output contracts. Then the system of state monopolized purchase of farm products was replaced with the system of state contract purchase of farm products so that farm products are brought to the markets. The first reform step has been generally adopted in all parts of the country, and this change has been thorough. The second step which reforms the farm product purchase system was started last year, so the change has not yet been perfectly accomplished. More efforts are needed to consolidate this reform step. However, it has also been generally adopted in all parts of the country. Fundamentally speaking, the state's relations with the peasants have been greatly improved. If, in the past, the peasants merely worked for fulfilling the tasks assigned by the state, then they now work for fulfilling the economic contracts or for directly meeting the market demands. Therefore, the rural economic activities are now unprecedentedly brisk and the peasants have unprecedentedly high enthusiasm for production. In the past 5 years, the total agricultural output value increased steadily at an annual average of 11 percent, and the rural per capita income increased at an average of 14 percent each year. These high growth rates have not been seen before in China's history.

As for urban reforms, many foreign observers often pay attention merely to the appearance of the individual economy in China. Indeed, some 4.5 million people in various cities and towns are now engaged in individual businesses, which play an indispensable complementary role in our country's economy. However, their proportion in the national economy is still very small. These private businesses account for less than 1 percent of the country's total industrial output value and account for merely 15 percent of the turnover in the retail commerce and various service trades. Therefore, we hold that the reform measures we have adopted for the public enterprises form a decisive factor that contributes to the increasingly brisk urban economies in recent years. The major measures we have adopted include: expanding the enterprise decision-making power in their business operations, reducing government interference in the enterprise operations, narrowing the scope of mandatory plans and expanding the scope of guidance plans and regulations by market forces, relaxing the controls over the prices of various small commodities, allowing various kinds of production materials and consumer goods beyond the scope of planned transfer to be freely sold on the markets, changing the system of profit delivery to the state by the enterprises owned by the whole people into the system of tax payment, changing the system of state appropriation of funds for enterprise capital construction projects to the system of offering bank loans, breaking barriers between localities and between departments, creating conditions for horizontal economic association between enterprises in the fields of funds, technology, production, and circulation, and so on. Now, small public enterprises have become rather dynamic, but, comparatively, the large public enterprises still lack vigor. This is a problem we are trying to solve.

We hold that enlivening microeconomic activities and strengthening macroeconomic management are two independent aspects, and neither side can be neglected. With regard to the relationship between the state and the enterprises, the state's direct control over the enterprises will be gradually changed into indirect control.

Question: Why does China want to seek foreign partners to establish joint ventures? What experience has China gained in this regard? What forms has China taken to carry out economic cooperation with developed countries?

Answer: China now has more than 2,500 Sino-foreign joint ventures, cooperation enterprises, and enterprises solely owned by foreign capital, and the establishment of some 3,800 similar enterprises are under preparation. Allowing and encouraging foreign investment in China is an important part of China's policy of opening up to the outside world. In a state of national seclusion, we will not be able to realize modernization, and the policy of national seclusion is not in the interests of the Chinese people.

With regard to the utilization of foreign funds, our principle is to lay down an overall plan for all such items and devolve management authority to various levels. In order to give more conveniences and benefit to foreign investors, China has established four special economic zones and designated 14 open cities and some open zones in the coastal areas. This does not mean that other areas will not be opened to the outside world. As the special economic zones, open cities, and open zones are economically developed areas in China where transport conditions are better than other areas, coupled with the adoption of simplified procedures and preferential policies, 80 percent of foreign investment items are now made in these coastal areas.

Admittedly, the conditions for opening factories in China are not satisfactory enough. However, the low labor costs and other expenses, the vast territory, and the rich resources in China are greatly attractive to foreign investors. In the past, we did not make full use of the possibility of utilizing foreign funds. We are now summing up experience in this regard and are ready to offer more preferential terms to foreign investors. After the gradual adoption of new policies, foreign friends in the business circles will find that China's conditions for running enterprises are indeed competitive.

China is opened to the whole world. China is opened to both capitalist countries and socialist countries, to both developed and developing countries. Our foreign economic cooperation not only includes the use of foreign funds, but also includes the development of trade and technological cooperation. All forms of economic and technological cooperation accepted in the international community will be adopted by China.

Question: Is China's reform encountering any obstructions at home or abroad?

Answer: Anything may encounter obstructions. Traditional mentalities, habits and bureaucratism all form obstructions to reform. However, most people hve benefited from the reform and will continue to see the benefits of reform. From their personal experience, they have more and more clearly realized that the old structure hinders the development of our production, the improvement of our livelihood, and the prosperity of our country. We can say that China's reform is a cause supported by the whole nation. Some people may not understand some reform measures or may not become accustomed to the new conditions. They will finally come to understand them and get used to them.

I would like to point out here that among party and government leaders in China, there are no differences on the principled issue of carrying out reform. The "Decision on Reform of the Economic Structure" was unanimously adopted by a plenary session of the party Central Committee.

As for outside the country, I am glad to see that with the passing of time, more and more comrades and friends have understood and sympathized with China's reform. If there is any obstruction to China's reform outside the country, I think that the threats against world peace form an obstruction to China's reform. Therefore, we are determined to make joint efforts with all peace-loving countries and peoples to oppose war and maintain lasting world peace.

Question: Is China considering any reform of its political system?

Answer: In recent years, we have done a great deal of work to improve socialist democracy and the socialist legal system, and we will continue to do so.

We have laid down a policy for simultaneously building both material and spiritual civilizations. That is to say people's mental conditions, values, and cultural attainments should all be suited to the new situation of reform and opening up. This will also prevent the appearance of new problems under the new situation.

With the all-round development of the economic structural reform, the functions of government institutions will change. The government structure and the cadre systems must also be reformed step by step. Without reform, things in this regard will not be suited to the requirements of the economic structural reform.

Question: How does China view the reform trials in other socialist countries? If possible, could you please provide your opinion on Yugoslavia's reform?

Answer: In recent years, there is a trend of economic structural reform in almost all socialist countries. It is not an accidental phenomenon. I hope that reforms in all these countries will achieve the purpose of bringing benefit to the people.

Yugoslavia is a pioneer of reform. For more than 30 years, according to Comrade Tito's instructions, the Yugoslav people have been persistently carrying out reform with an indomitable spirit. The Chinese people admire and appreciate this very much. China and Yugosalvia have different historical backgrounds, national traditions, and geographical positions. Reforms in our two countries also have their respective characteristics. This shows that both of our countries share the same belief of combining the universal truth of Marxism with each other's national conditions. The Chinese people are inspired by the achievements of Yugoslavia's reform and have learned a lot of useful things from Yugoslavia's reform experience. I believe that the Yugoslav people will certainly overcome the transient difficulties and will win new victories in their reform.

ZHAO ZIYANG CABLES THANKS TO YUGOSLAVIA'S MIKULIC

OW120030 Beijing XINHUA Domestic Service in Chinese 0807 GMT 11 Jul 86

[Text] Athens, 10 Jul (XINHUA) — Chinese Premier Zhao Ziyang would up his official goodwill visit to the Socialist Federal Republic of Yugoslavia and left Ljubljana by special plane this morning. As his special plane left Yugoslavia, he sent a message from the plane to Comrade Branko Mikulic, president of the Federal Executive Council of Yugoslavia. In the message, he expressed his heartfelt thanks for the hospitality accorded him during his stay in Yugoslavia.

The message says: "I am greatly satisfied that your efforts made my visit a success. We have exchanged views on issues of common interest and reached a wide-ranging unanimity. We are happy about the great achievements made by Yugoslavia in socialist construction. The friendly feelings shown by the people of various nationalities of Yugoslavia for the Chinese people have made a deep impression on us."

Premier Zhao said in the message: I am convinced that the relations of comprehensive friendship and cooperation between China and Yugoslavia will surely be developed further.

When Premier Zhao and party were leaving Ojubljana, capital of Yugoslav Republic of Slovenia, they were seen off at the airport by Dusan Sinigoj, president of the Executive Council of Slovenia.

ROMANIAN CP COMMUNIQUE HAILS ZHAO ZIYANG VISIT

OW121020 Beijing XINHUA in English 0630 GMT 12 Jul 86

[Text] Bucharest, July 11 (XINHUA) — The talks between Romanian President Nicolae Ceausescu and Chinese Premier Zhao Ziyang will play a decisive role in strengthening the friendship and cooperation between the two parties and the two nations, AGERPRES reported today, quoting a Romanian communist Party communique.

The communique said that the Executive Political Committee of the Romanian Communist Party Central Committee has noted with satisfaction the determination shown by both sides in the talks to further develop the traditional relations between the two countries in all fields.

The communique stressed the two leaders had identical or similar views on major international issues and praised their cooperation in the international arena.

The committee demanded the government work swiftly on implementing the projects Zhao and Romania leaders decided that the two countries would work on.

GUANGDONG, SHANGHAI HIT BY TYPHOON PEGGY; 21 DEAD

HK140256 Beijing CHINA DAILY in English 14 Jul 86 p 1

[By staff reporters]

[Text] Fifty-two people died and more than 700 were injured when Typhoon Peggy and a strong tornado struck the south and east China coast at Guangdong and Shanghai over the weekend.

In Guangdong Province, Typhoon Peggy, accompanied by torrential rain, battered the eastern part of the province on Friday, leaving 21 dead and 297 injured, a provincial official said.

In Shanghai, China's largest city, a powerful tornado lashed the southeastern suburbs, claiming 31 lives and injuring more than 500.

Li Gaisheng of the Guangdong Provincial Disaster Prevention office told CHINA DAILY that more than 100,000 people were stranded by the flooding caused by heaving rains after Typhoon Peggy swept across the province, severing all traffic and communications links.

A spokesman at the Central Meteorological Station in Beijing said downpours had washed away more than 4,700 houses and damaged 43,600 others.

Troops have been called in to help with the rescue work. About 20,000 people have been moved out of the affected areas so far.

Li Guo, deputy head of Guangdong's disaster headquarters, said earlier that Typhoon Peggy destroyed 680 bridges and blew away more than 1,000 kilometres of telephone wires, disconnecting 3,000 lines. More than 200 mm of rain fell within 24 hours, flooding 392,000 hectares of farmland.

"Total losses are estimated at 600 million yuan ($166 million)," he said.

Efforts are being made to rescue some 10,000 people still stranded by flooding in Jiexi and Puning counties near Shangtou City. More than 10,000 people in Huiyang Prefecture have been moved out by boat.

Li Gaisheng said the flood waters were still rising and the death toll would certainly be higher.

Typhoon Peggy now moved to Guangxi Zhuang Autonomous Region and became a low pressure front.

In Shanghai, about 1,300 houses were destroyed and power supplies cut off when the tornado passed through more than 20 villages in the city's Nanhui, Fengxian, and Chuansha counties on Friday afternoon.

Nanhui County reported the most serious damage. Nine people died when their houses collapsed, two were reported missing and 15 seriously wounded in the country's Danzhi village. The tornado flattened 193 houses and large areas of farmland were flooded. The tornado blew off the roofs of five workshops at a motor factory in Xinchange Village. In Chuansha County, a 20-ton crane was blown up into the air, landing on a 40-ton cement boat. One million yuan worth of silk cloth and embroidery was lost when the tornado hit the Jianzhen Silk Factory, destroying the roof and severing high voltage wires.

Rescue teams were immediately sent to the disaster areas. Vice-Mayor Ni Tianzen and Deputy Secretary of the Municipal Party Committee Huang Ju rushed to the area to direct the relief operation. Two hours after the tornado, a disaster relief co-ordination centre was set up on the spot, while 450 police officers and more than 100 vehicles including 19 fire engines were summoned for emergency rescue work only five minutes after the alarm was raised.

The tornado, the worst for 30 years, caused extensive damage but total losses had not yet been worked out, a municipal official said.

RENMIN RIBAO WARNS LEADERS ON CONCEALING SHORTCOMINGS

HK110315 Beijing RENMIN RIBAO in Chinese 5 July 86 p 1

[Commentator's article: "Leaders Should Not Shield Shortcomings -- More on Rectifying the Unhealthy Trend of a Trade"]

[Text] While rectifying the unhealthy trend of a trade, leaders must uphold principles and must not hide faults and shortcomings. This is an important point in the experience of some central departments and some units in Beijing. Only thus can we make a good start in this work.

The unhealthy trend of a trade appears in the process of various business activities. The essence of such irregularities is to use the functions of the trade to seek selfish gains. The buniness activities of various trades are interrelated to each other. If leading comrades of a trade cannot adhere to a principled stand to effectively check the unhealthy trend in their trade, then they can find all kinds of pretexts to hide wrongdoings and to shirk their responsibilities. For example, when people criticize the practice of rough loading and unloading, they may argue that as the package was not opened and the goods were not inspected in the process of loading and unloading, we the broken goods may be a manufacturer's quality problem; they may even argue that the goods are broken by the consignees themselves after they take delivery of the goods. So they retort: "How can the blame be put on us?" As each sticks to his own argument, the case will just become confused and the problem will not be effectively solved.

Admittedly, the business activities of a trade are conditioned by many factors. When problems exist in the work of a trade, we cannot put the blame completely on outsiders and workers of this trade without regard to the objective conditions and the external factors. However, the unhealthy trend of a trade is different from ordinary faults and shortcomings in people's work. It refers to the irregular actions of seeking selfish gains by taking advantage of the routine functions of a trade. When handling such cases, we should require only those who "have contracted the disease" to "take the medicine." The unhealthy trend of a trade or unit must be dealt with by comrades, expecially leading comrades, in this trade or unit. Their responsibilities must not be shifted onto other people.

Some leaders conceal the problems in their trades or units, because they think that "one's dirty linen must not be washed in public." They are not willing to publicize the problems in their trades and units for fear of losing face, damaging their reputation, losing such titles of honor as "civilized units," "pacesetters," or "advanced units," or losing their bonuses. These comrades like to trust to luck. As long as the irregularities are not serious, they may not be noticed and handled by the upper authorities.

So they try hard to conceal such problems and shift responsibilities onto other people in order to turn big problems into small ones and turn small problems into no problem at all.

Our comrades must not have such a wrong idea. Problems cannot be concealed for ever. An unhealthy trend will spread rapidly in a trade like a virus and will become an epidemic disease in the whole trade, if it is not promptly checked. In that case, the trade's reputation will be ruined, and workers throughout the trade will be contaminated by this disease. Even the "neighbors" may also be "infected." This is not an insignificant problem that we can neglect. Leading comrades in all trades and units must be regard the irregularities in their trades and units as unavoidable slight problems in the routine business activities as people may always gain the advantages of being in a favorable and convenient position. They must not try to gloss over these problems and find pretexts to shirk their responsibilities.

We advocate that leading cadres should take the initiative in checking unhealthy trends in a trade. That is, they should, first of all, not involve themselves in any irregular practice, and at the same time, adhere to the principles in dealing with the problems exposed in their trade or unit. They must be serious in handling such cases and must not try to shield the wrongdoers. If they can do this, it will not be too hard to check the unhealthy trends of various trades.

WANG MENG ADDRESSES CULTURAL MEETING ON POLICY

HK111415 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1317 GMT 10 Jul 86

[Report by reporter Lin Hua: "Wang Meng Delivers Policy Address at Meeting of Directors of Cultural Departments (Bureaus)" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 10 Jul (ZHONGGUO XINWEN SHE) -- Newly-appointed Culture Minister Wang Meng delivered a 2 and 1/2-hour policy speech today during his first meeting with the participatnts in a national conference of directors of cultural departments (bureaus).

Wang Meng first talked about the new situation emerging in the field of literature and art. He said: Thanks to the central authorities' inspiration, an atmosphere characterized by mutual understanding, mutual trust, and mutual respect is gradually taking shape; people are more and more eagerly looking forward to the reform; and the present period is the period most favorable to cultural and artistic development since the founding of the PRC. However, it should also be noted that in the wake of the rapid progress of the four modernizations program and the development of the situation in the reform, people's thinking, conception, lifestyle, and psychological frame are changing constantly, and the traditional stagecraft, in face of new challenges, needs further development, new ideas, and finer quality.

Wang Meng said: In order to keep up with the new situation, we must strive to ensure that culture and art will develop steadily over the long term. It is necessary to give first priority to the principal goal of preserving unity and stability and building the four modernizations. It is also necessary to comprehensively and accurately understand and implement the party's principles and policies on the cultural and art work in the new period.

He said: the party's policies on culture and art are an organic whole. We should comprehensively understand and correctly implement these policies, and restrain from stubbornly persisting in our own views and from quoting out of context.

When talking about some existing differences of opinion and disputes, Wang Meng pointed out: The more flourishing artistic creation and theoretical study are, the more easily disputes and differences of opinions will burst out. This is a normal phenomenon. Only differences and disputes can inspire people to go on with exploration. Wang criticized those who uphold extreme views and resort to radical acts, complaining that they just want to be treated kindly but tolerate no difference of opinion. They challenge others in an overbearing manner and attack others with exaggerated and bitterly sarcastic terms. This is unfavorable to the shaping of an open and harmonious environment.

Wang Meng pointed out: It is necessary to let everybody speak out freely and to promote the exploratory spirit. At the same time, we must try our best to maintain a tolerant and modest attitude and to listen to different opinions. We must not prohibit people from criticizing, allowing them to sing only praises.

Wang Meng maintained that the reform of the cultural and art structure must be launched resolutely and cautiously and great efforts be made to improve the quality of writers and artists. He said: At present China is lagging far behind others in the fields of literature and art, whether in terms of the scale, quality, or quantity. Therefore, we must work hard to raise our cultural and artistic standards and make it our central task in cultural and art development.

In his speech, Wang Meng expounded in particular on the stable and consistent nature of the central authorities' policy toward literature and art. He said: Our central leaders have always advoctaed emancipation of the mind and encouraged people to make bold exploration. The central authorities have just taken moderate measures to cope with all the criticism and disputes that have ever burst out. No massive criticism against any figure has been launched so far. Remarking on popular works catering to vulgar tastes currently emerging in society, which he called "market culture," Wang Meng held that something can be done to meet the demand of different levels. He said: The essential point is that we must unremittingly enhance the public's appreciation standards. Only by creating a greater number of healthy fine spiritual products with social benefits can we constantly fulfill the wide variety of demands at different levels arising from the broad masses' cultural life.

MEETINGS URGE COOPERATION WITH DEMOCRATIC PARTIES

HK130428 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1326 GMT 10 Jul 86

[Report: "Noted Members of Various Democratic Parties Point Out That Cooperation Among Various Parties Must be Codified Into Laws and Institutionalized" — ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 10 Jul (ZHONGGUO XINWEN SHE) — In the past few days, various democratic parties in Beijing and the Association of Industry and Commerce held forums one after another to mark the 30th anniversary of the introduction of the 8-character principle of "long-term coexistence and mutual supervision" by the CPC.

Some celebrities who have experienced hardships suggested that cooperation among various parties must be codified into laws and institutionalized.

In 1956, the CPC introduced this principle, thus heartening the members of various democratic parties. However, in 1957, the anti-rightist movement began and many members of these democratic parties were referred to as rightists. During the "four clean-ups" movement and the "Cultural Revolution," which followed the anti-rightist movement, people only paid lip service to this 8-character principle. Since the 3d plenary Session of the 11th CPC Central Committee, this principle has been implemented again. At the 12th CPC National Congress, on the basis of this 8-character principle, General Secretary Hu Yaobang introduced another 9-character principle -- the principle of "treating each other with all sincerity and sharing weal and woe." The two 8-character principles have been combined to form a 16-character principle.

In the past few days, various democratic parties have been holding forums. Those who attended the forums suggested that by boldly introducing an 8-character principle and by developing it into a 16-character principle, the CPC has shown that it is broad-minded. They said: The two 8-character principles have been introduced in accordance with both present and past circumstances. Over the past 30 years, particularly since the 3d Plenary Session of the 11th CPC Central Committee, the cooperation and mutual supervision between various parties have very significantly contributed to perfecting socialist democracy and the socialist legal system, to spending up the four modernizations, and to the reunification of the motherland.

Those who attended the forum held by the Central Committee of the China Democratic League affirmed the contemporary and historical significance of the principle of "long-term coexistence and mutual supervision." They pointed out that in order to earnestly implement the principles of "long-term coexistence and mutual supervision" and "treating each other with all sincerity and sharing weal or woe," it is necessary to further eliminate the pernicious "leftist" influences and to institutionalize and codify into laws the cooperation among various parties.

At the forum held by the Chinese Peasants and Workers Democratic Party, Lu Jiaxi said: the principle of "mutual supervision" is still important under the present circumstances. It is necessary to find out whether or not our work runs counter to the development of things and whether or not we adhere to the principle of seeking truth from facts and to treat each other with sincerity. Only by doing this can we "treat each other with all sincerity."

At the forum held by the Central Committee of the China Association for Promoting Democracy, Lei Jieqiong pointed out that in order to sincerely implement the 16-character principle, it is necessary to pay special attention to promoting non-communists. She said: As far as I know, nearly all the principals and headmasters of secondary and primary schools are party members. The CPC's policies are not properly implemented in this respect. On the other hand, this encourages those snobs who "join the party to be officials." She pointed out that formalism still haunts the implementation of the 16-character principle. She suggested that "mutual supervision" must be institutionalized and codified into laws before the principle can be earnestly implemented.

Democratic Leaders Speak

OW131201 Beijing XINHUA Domestic Service in Chinese 1505 GMT 12 Jul 86

[By reporter He Ping]

[Text] Beijing, 12 Jul (XINHUA) — The United Front Department of the CPC Central Committee, the CPPCC National Committee, the central committees of all democratic parties, and the All-China Federation of Industry and Commerce held a meeting at the Great Hall of the People yesterday and today to mark the 30th anniversary of the institution of the principle of "long-term coexistence and mutual supervision." Yan Mingfu, head of the United Front Work Department of the CPC Central Committee, pointed out at the meeting that the tortuous course experienced in carrying out this principle since its institution shows that, whenever it is earnestly adhered to in doing united front work, socialist democracy can be fully manifested; the democratic parties, the Federation of Industry and Commerce, and other mass organizations and people without party affiliation can fully play their roles; and united front work can develop. On the other hand, whenever this principle is ignored or abandoned, socialist democracy is undermined, and united front work remains at a standstill or even retrogresses.

During the 2-day meeting at the Great Hall of the People, leading members of the United Front Work Department of the CPC Central Committee, the CPPCC National Committee, all democratic parties, the All-China Federation of Industry and Commerce, and other relevant mass organizations, as well as well-known personages from all walks of life conducted open, sincere, and uninhibited discussions on how to further promote socialist democracy and strengthen the cooperation between the CPC and the democratic parties.

Yan Mingfu, the first to speak at the meeting, said: As far as the ruling party is concerned, what it fears is silence among the people. The CPC needs the people's supervision; without it, the party will be divorced from the masses and will make mistakes one way or another. The democratic parties are major political channels through which the CPC maintains ties with the masses and hears their opinions and requests. The democratic parties are also a major political force essential for perfecting China's socialist political system and carrying out democratic consultation and democratic supervision. Their work of reflecting public opinion and their supervision are extremely important for the party and the government to know about the people's opinions, formulate proper policies, improve their operations in various areas, make fewer mistakes, combat bureaucratic attitudes, and correct any misconduct.

Yan Mingfu said: Revolution and construction over the past several decades fully show that the democratic parties are truly the CPC's comrades in arms sharing weal and woe with us, and that the relationship between the CPC and all democratic parties is a new type of friendly relationship based on the four cardinal principles and the common cause of building socialism.

He said: A central leading comrade recently pointed out that although we have made some progress in recent years in encouraging more people to participate in the formulation of major state policies, in giving fuller scope to the democratic parties' supervisory role, and in reflecting and respecting public opinion, we still have not yet set up a perfect system to guide the work in these areas.

We must therefore make an effort to study the problem and solve it by drawing up a whole series of supporting measures. It is our hope that you will unreservedly and actively put forward your opinions and suggestions on this fundamental issue so that multiparty cooperation and the socialist political system in China will be even better.

Zhu Xuefan and Qian Changzhao, vice chairmen of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang; Fei Xiaotong, vice chairman, and Feng Zhijun, member of the Executive Bureau, of the Central Committee of the China Democratic League; Sun Xiaocun, vice chairman of the Central Committee of the China Democratic National Construction Association; Lei Jieqiong, vice chairman of the China Association for Promoting Democracy; Lu Xijia, vice chairman of the Central Committee of the Chinese Peasants and Workers Democratic Party; Huang Dingchen, chairman of the Central Committee of the China Zhi Gong Dang; Zhou Peiyuan and Yan Jici, vice chairmen of the Central Committee of the Jiusan Society; Li Chunqing, vice chairman of the Council of the General Office of the Taiwan Democratic Self-Government League; Hu Ziang, chairman of the All-China Federation of Industry and Commerce; Cheng Siyuan and Li Tiezheng, democrats without party affiliation; and Cheng Zihua, vice chairman of the CPPCC National Committee, also addressed the meeting.

Wan Guoquan, vice chairman of the Central Committee of the China Democratic National Construction Association, read a speech by Hu Juewen, chairman of the association. Qu Wu, acting chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang; Chu Tunan, acting chairman of the China Democratic League; Ji Fang, chairman of the Central Committee of the Chinese Peasants and Workers Democratic Party; and leading members of some other democratic parties and concerned mass organizations sent written messages. In their remarks, they reviewed the lessons they have learned since the institution of the principle of "long-term coexistence and mutual supervision" 30 years ago. They said that the principle is an inevitable outcome of historical development, namely, of multiparty cooperation under CPC leadership, and that it is important for building a socialist political system with distinctive Chinese characteristics. They said: Although there have been trials and hardships as well as complications during the past 30 years, the CPC and all democratic parties have always been helping each other and sharing weal and woe like people in the same boat. After order was restored following the 3d Plenary Session of the 11th CPC Central Committee, the principle of "long-term coexistence and mutual supervision" was enlarged with the additional principle of "treating each other with all sincerity and sharing weal and woe." Guided by the new principle, the operation of all democratic parties has become unprecedentedly livelier, and democratic parties have played an increasingly more important role in the country's political life.

Speaking on further developing and perfecting the multiparty cooperation system under the CPC's leadership, many persons maintained that, politically speaking, all democratic parties, as political parties serving socialist construction, should give top priority to participating in the state's political life; carry out democratic construction on the country's important policies, modernization, and other major issues; fully reflect the opinions expressed by their members and the masses with whom they have ties; and exchange supervision with the CPC. They said that this is most important for fostering socialist democracy, consolidating the socialist legal system, preventing Communist Party members and state organ personnel from divorcing themselves from the masses, combating bureaucratic attitudes, and taking prompt steps to discover and correct shortcomings and mistakes.

Making the concluding speech at the meeting, Liu Lantao, vice chairman of the CPPCC National Committee, said: The CPC leads a big country of 1 billion people. To do a good job in managing the affairs of 1 billion people, relying simply on inner-party supervision is far from enough. To understand the situation in various fields, make relatively well-conceived and correct decisions, and eliminate or make fewer mistakes, we must also rely on supervision from the people and the democratic parties. Thus, while the CPC and the democratic parties are supervising one another, we must emphasize that it is necessary that the democratic parties supervise the CPC and that the CPC must have sincere political consultations with all democratic parties.

Liu Lantao said: To further promote unity and cooperation between the CPC and the democratic parties, and to give fuller play to the roles played by the various democratic parties, we must respect the democratic parties' political freedom and organizational independence prescribed in the Constitution, as well as their equal status prescribed by law, and encourage and support them in working independently and creatively. By doing so, we will improve and strengthen the party's leadership, instead of weakening it. He said: To exercise leadership, the CPC relies primarily on its correct line, principles, and policies, and on the exemplary vanguard role of the vast numbers of Communist Party members, and not by doing all the work for the democratic parties.

Among those present at the meeting were Lu Zhengcao, Miao Yuntai, Mao Yisheng, and Liu Jingji, vice chairmen of the CPPCC National Committee.

'Mutual Supervision' Stressed

OW131031 Beijing XINHUA Domestic Service in Chinese 1439 GMT 12 Jul 86

[Excerpts] Beijing, 11 Jul (XINHUA) -- Political consultation and democratic supervision should be carried out constantly and systematically so that multiparty cooperation, a political system under socialism with Chinese characteristics in our country, may further develop and be perfected. This was the view expressed by speakers -- responsible persons of all democratic parties, the All-China Federation of Industry and Commerce, and other people's organizations concerned and eminent personages from all fields -- attending the symposium marking the 30th anniversary of the principle of "long-term coexistence and mutual supervision."

Zhu Xuefan, vice chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, said: The Communist Party and the democratic parties must make joint efforts to create a still better environment and still more favorable conditions for implementing the principle of "long-term coexistence and mutual supervision" and "treating each other with all sincerity and sharing weal and woe." At present, we must first continue to combat the influence of "leftist" thinking and eliminate all kinds of obstructions. At the same time, we must step up propaganda and education in the theory and policy of united front work in order to help the vast numbers of cadres, especially the leading cadres at all levels, foster a firm idea of united front work and constantly enhance their willingness to implement united front policies. He said: Regarding political consultation and democratic supervision, especially multiparty cooperation under the leadership of the Communist Party, a workable system and concrete measures should be formulated on the basis of past experience. It would be better still to put them in the form of law.

He suggested that more new channels be opened up and regular ties be established between organizations of the Communist Party and of the democratic parties to enable them to familiarize themselves with each other's conditions and exchange views. Members of the Communist Party and the democratic parties should increase contacts, make friends with each other, and genuinely treat each other with all sincerity and devotion.

Fei Xiaotong, vice chairman of the Central Committee of the China Democratic League, said: United front work can be strengthened through the existing united front work organizations and by improving ideological understanding both in and outside of the party. First of all, united front work organizations should strengthen their leadership over the democratic parties, clearly define their nature and mission under the new situation, and, in view of the characteristics of the various democratic parties and democratic persons, take the initiative in giving full play to their role in a coordinated way. He said: In the past few years the CPPCC has made great progress in its work. Members of the CPPCC National Committee have spoken up straightforwardly during sessions; they have repeatedly sponsored proposals and have been very serious and responsible in handling proposals. All this plays a role in ensuring "mutual supervision." He said: In a sound system of socialist democracy, political power must be subject to popular supervision; a system of political consultation can ensure this. [passage omitted]

Lei Jieqiong, vice chairman of the China Association for Promoting Democracy, said: As for people outside of the party, their strong points should be put to use and used boldly. They should be trusted fully in an atmosphere of democratic cooperation and mutual respect. They should be given positions and powers along with duties. They must be treated equally in terms of working conditions, penalties, awards, training, and promotion. [passage omitted]

Huang Dingchen, chairman of the Zhi Gong Dang Central Committee, said: As the ruling party, the Communist Party of China must constantly listen to different opinions and criticisms in order to correct defects and mistakes in time. Supervision by the democratic parties is conducive to improving and strengthening the Communist Party's leadership over the socialist cause and to building a high-level socialist democracy. In fact, multiparty cooperation under the leadership of the Communist Party has become an important component of the political system in our country and a feature and strong point of the political system under socialism with Chinese characteristics.

Zhou Peiyuan, vice chairman of the Jiu San Society Central Committee, said: "Long-term coexistence and mutual supervision" should be gradually perfected in the course of reform so as to make them concrete and systematic. Principles, no matter how good, would come to nothing if there are no concrete measures to implement them and if they are not made into a certain system. He said that the principle of "long-term coexistence and mutual supervision" is implemented better at the central level than at local levels at present. To instill this principle deep in the people's hearts, it is imperative to adopt concrete measures and formulate a workable system to guarantee that all democratic parties play their role in democratic supervision.

Li Chunqing, vice chairman of the Taiwan Democratic Self-Government League, said: To use modern political terminology, certain "checks and balances" are necessary in politics. To avoid errors, "feedback" is needed. If democratic parties can exercise checks and balances and provide feedback, that would be very good supervision. To realize such supervision, the key lies in expanding socialist democracy.

Hu Ziang, chairman of the All-China Federation of Industry and Commerce, said: To carry out multiparty long-term cooperation and mutual supervision, we democratic parties and the Federation of Industry and Commerce must on the one hand strengthen ourselves organizationally and ideologically and, in the spirit of treating each other with all sincerity and sharing weal and woe and exercising our duties as masters, must positively exercise our democratic supervision over the state's political, social, and economic life; on the other hand, there must be continuous development in breadth and in depth of both the content and form of mutual supervision with a view to gradually systematizing it so as to achieve a political situation in which there are both centralism and democracy, and both unity of will and personal ease of mind and liveliness.

Cheng Siyuan, a democrat without party affiliation, said: The CPPCC has experts in all fields, a tremendous advantage of having a wealth of qualified persons. He said: If the various NPC special committees invited responsible persons of the related CPPCC work teams to their meetings as observers, it would be helpful to promoting democracy.

FEI XIAOTONG DESCRIBES ASPIRATIONS IN WORK

HK130634 Beijing GUANGMING RIBAO in Chinese 22 Jun 86 p 2

[Article by Fei Xiaotong: "A Talk With Friends in Sociological Circles"]

[Excerpts] This time, I was present at a recent conference from beginning to end. I think the conference has been a remarkable success. In what way is it a success? I have the following three points in mind:

First, the conference marked the beginning of solidarity and it itself a big step toward future solidarity. Everyone knows what solidarity is and that is must be based on a common understanding and a common direction. At the conference, Comrade Hu Sheng reaffirmed the principle of the development of the Academy of Social Sciences of China. Doubtless, we sociologists should work hard and be united under this principle. Our views may differ, but this is not a serious problem. Agreement on many issues can only be gradually reached through practice and research. However, I believe that despite its long and winding road, Chinese sociology will develop healthily.

Second, the problem of how to reform the academic societies was discussed at the conference. Comrade Hu Sheng suggested that perhaps the sociology society could introduce an innovation in this respect. This problem cannot be solved by holding just one conference. However, an important problem has been posed. Very often people are confined by old methods and old approaches. At first, the founding of various academic societies gave impetus to our academic work and contributed to enlivening the academic atmosphere. However, some approaches have been outpaced by the development of the new situation. We should conduct surveys and earnestly study the problem of how to make the reforms and the societies a success. [passage omitted]

I am a little anxious now. At 76, I am an old man. An ordinary person at 80 is quite useless intellectually. I wasted many years in the past. However, I have always wanted to leave something behind. In order to thank the people who have brought me up, I must have something to present them with. I resumed my academic studies at 70. I said at that time that in the next 10 years, I would make the best use of my time and produce some serious academic works. In fact, there are not many people now with qualifications similar to mine. I hope that I can do something on behalf of our generation and, on the basis of my past research work, make some practical contributions to analyzing the Chinese society and leave some records for future genertions' reference.

I have been fine in recent years, and I have been able to frequently revisit "Jiang Village," where I conducted a survey 50 years ago, to observe its changes. Organizations on various levels have enthusiastically cooperated with me by providing me with information and materials. Thus, in recent years, beginning with a village in Jiangsu, I have been able to conduct investigations in several towns and some prefectures and compare their conditions, thus deepening my understanding of things in light of objective developments. At the beginning of last year, I visited Fujian and Wenzhou. My mind was broadened by the development of the coastal areas. This year I will conduct surveys in Huaiyin and make further comparisons.

In the course of investigation and practice, I have noticed the problem of imbalanced regional development. The opening up and development of the prosperous coastal areas will certainly widen the gap between these areas and remote border areas. Thus, I am giving thought to the problems that could result from the growing difference between these areas and the problem of the future of the country's western regions. Because of all this, I have started a research project on "the development of the remote border areas" and introduced the principle of "making the eastern regions help the western regions, faciliating a flow of natural resources from the latter to the former, helping each other, mutual benefit, and mutual prosperity." A researcher must place himself in the context of a developing society, asimilate the masses' wisdom, deepen his understanding of things, and form systematic views.

Although I planned to use 10 years to conduct research, more than 3 years have been used to "set up stages," that is, to found sociology societies, sociological research institutes, and socilogy departments. Now that the "stages" have been set up, whether or not people can "perform" well on these "stages" remains an open question. The masses have set strict demands on sociology. Leaders at various levels welcome this. However, our strength is far from great. In order to train people, we still have much basic work to do. For example, we have to train teachers, write textbooks, and provide courses before we can recruit students. This is quite a job for me. For example, I was not the right person to edit "An Introduction to Sociology" and I could not produce high-standard work given the circumstances at that time. I was fully aware of this. As was expected, my friends abroad were very disappointed with the textbook I edited and they could not understand why I undertook something that could only damage my reputation. However, in order to rebuild Chinese sociology, I could not avoid this work.

What should I do in the future? I still have four [as published] years at my disposal. I am going to finish writing "Jiang Village's 50 years." [paragraph continues]

With the assistance of the comrades at Shanghai University and Fudan University and on the basis of historical records, oral reports, and surveys conducted on field trips, I will try to describe and analyze "Jiang Village's" changes over the past 50 years and to most objectively understand the social development and changes in our rural areas. [passage ommitted]

In the next few years, time will be extremely valuable and must be properly used. I must make sure that I will be able to fulfill a few tasks. Although I am not as energetic and careful as in the past, with the support and concern of some central leading comrades and the revelant departments and with the help offered by many young or middle-aged comrades, I still have to try my best to do something. On the above occasion, people proposed the inclusion of a volume of sociology in our encyclopedia. This is somethng required of us by the objective circumstances. It was agreed that we should do this. Subjectively, I am willing to be responsible for this task, but I am not unaware of the difficulties. I must wait until conditions are ripe before I sign a contract with the publishing house.

As a member of the older generation, I sincerely advise young comrades in the sociological circles to be serious about academic work, dig into it, and doggedly lay a solid foundation. Scientific work permits no fakes. We cannot deceive others. Do not seek fame or practice formalism. We should wish others success, not failure. We should neither counter each other's efforts nor flatter each other. We will have to count on these young comrades to develop Chinese sociology in the future. Given our heavy responsibilities, we should clearly define our course and straighten out our style. In order to adapt ourselves to further developments in the future, it is time we properly did basic work and steadily advanced.

Although we have taken a new step toward solidarity, much depends on how we do our work in the future. Now that we have a clear direction and a clear picture of the demands, I hope that our comrades will really cooperate with one another, do away with empty talks, make more constructive efforts, and contribute to the development of Chinese sociology.

Finally, I would like to repeat what I said at the Guangzhou conference last year: Despite my age and diminishing strength, I am as resolute as I was in the past. It is my hope that I will be like "a fallen flower, which is not simply something detached from its parent plant, but is something forming part of the soil-nourishing, guarding, and supporting other flowers."

LI PENG, OTHERS AT BEIJING ORDNANCE TRADE FAIR

OW122031 Beijing Domestice Service in Mandaran 1100 GMT 11 Jul 86

[Text] During the past few years, China's ordnance industry has built more than 200 production lines for making civilian goods. These production lines turn out some 700 kinds of products classified into 16 big categories.

Recently, Li Peng, Yang Dezhi, Yao Yilin, Yan Jici, Zhou Peiyuan, Zhang Aiping, Kang Shein, and other leading comrades visited a trade fair held at the national agricultural exhibition hall in Beijing, featuring ordnance industry technology and its civilian products. They praised ordnance industry achievements in developing the production of items for civilian use and encouraged it to switch to this field of operation more rapidly.

LIAOWANG HAILS BOMB SPECIALIST DENG JIAXIAN

HK100930 Beijing LIAOWANG in Chinese No 25, 23 Jun 86 pp 4-8

[Article by LIAOWANG reporter Gu Mainan: "Deng Jiaxian, a Man of Great Merit in Developing the 'Two Bombs'"]

[Text] Many scientists of the older generation still remember that for some time during the 1940's, a number of outstanding nuclear physicists in the world "disappeared" all of a sudden. And they did not reappear in public until the successful explosion of the first U.S. atom bomb.

Scientists "disappeared" in China, too. Not long ago, Professor Yang Chen Ning asked a 1960's nuclear physics graduate at Beijing University: "Have you ever heard of Deng Jiaxian?" The latter shook his head. We cannot blame that graduate for his ignorance. This is because Deng Jiaxian had for a time engaged in some kind of top secret work for the state.

This reporter has of late covered China's nuclear weaponry research and design base, and has learned much about the heartbreaking stories of Deng Jiaxian and many other unknown heroes, who have dedicated their whole lives to consolidating China's national defense.

We Shall Launch a "Big Firecracker"

We will go back to autumn 1958. A responsible person of the Second Ministry of Machine-Building at that time sent for Deng Jiaxian and said: "Deng, we shall fire a 'big firecracker.' This is a top secret matter, and we should like you to join in the work. What do you think of it?" He said solemnly: "This is a glorious task!"

Deng Jiaxian had been to the United States before the founding of the PRC, shortly after his graduation from the Department of Physics, Southwest Union University, Kunming. After he acquired his doctorate degree at Purdue University, Indiana, in 1950, he overcame one obstruction after another and returned to China with another 200 or more Chinese students studying abroad. When this young doctor appeared before the older generation physicists who had just returned from Europe and the United States, such as Qian Sanqiang, Peng Yuanwu, and Wang Ganchang, everybody was happy to have such young blood at the newly set up Modern Physics Institute for Research under the Chinese Academy of Sciences. For several years, Deng Jiaxian worked hard together with the veteran scientists in initiating the undertaking. They rode their bicycles to purchase parts at some stalls selling secondhand goods, and made the Modern Physics Institute -- the first research organ of modern physics in new China -- gradually grow.

When the responsible person in China's nuclear industry said that China was to launch a "big firecracker," and that Deng was to join in the work, Deng instantly understood that he was being asked to take part in the research and development of the atom bomb. Facing this matter of great importance, which was both arduous and glorious, he was rather terrified and timid, and said: "Developing the atomic bomb! But, am I up to the requirements for the job?"

"Sure, you are. Do it together with the others! This is the nation's trust in you. The whole thing has a bearing on the security or danger to the state; I believe you will make a good job of it!"

When Deng went home that evening, he could not sleep all night. His wife, Xu Luxi, found this extraordinary and asked him what had happened?

"No big deal, only I'll be transferred to another post!" he said quietly, but when he thought that it would be impossible to stay together with his wife and children most of the year round, he was a bit sad. With deep regret, he said: "Luxi, I'm afraid I shan't be able to take good care of our day-to-day family life from now on. My life will be dedicated to my future work. If I do a good job of it, my whole life will be quite significant, and it is even worthwhile if I die for it!"

That night, Deng and his wife recalled many things in the past, talked about the experiences they had shared and the future of the nation, and both of them became emotional. His wife Luxi, the eldest daughter of Mr Xu Deyan, knew nothing about where Deng would be transferred, nor what kind of job he would be engaged in. She saw that the undertaking her husband would go in for would be an important one that had a bearing on the state's interests, and believed that her husband would go all out without regard for his own life. That was because they had both experienced national disasters and the ruin of their families... the gunfire of the Japanese invaders at Lugougiao in the 'July 7 Incident' in particular seemed to be still echoing in their ears, and how often did the scenes of Japanese soldiers arbitrarily slaughtering unarmed Chinese come back before their eyes...

"A nation without the strength of self-defense will inevitably be knifed, and its people will suffer." Since the "July 7 Incident" Deng had to begin a life in exile with his teachers and schoolmates. Now, when he learned that China, a backward country which had been bullied arbitrarily during this century, was going to develop a strategic nuclear weapon in order to consolidate its national defense, he could not repress the excitement and joy in his heart. Since then, this excellent young physicist, who had already caught the attention of the public both at home and abroad, receded totally into oblivion.

Years of Hardship Initiating the Undertaking

After his "disappearance," Deng Jianxian entered the Nuclear Weaponry Research and Design Institute in preparation. The so-called Nuclear Weaponry Research and Design Institute at that time was simply a stretch of farmland, and its scientists and technicians were few in number. As responsible person for the theoretical design of the atom bomb, he had to start everything from scratch. The first thing he did after he took office was to change into his overalls, and to work together with the construction workers, cutting down kaoliang, building earth works, pushing carts, mixing mud, and building houses. He worked side by side with young people in mud and water. College students admired this hard-working man with a doctorate degree from a university abroad. When they saw him work clumsily, with his tall and broad physique, they found this funny and nicknamed him "the bear," and forgot about his official title. It was very busy at the work site; and the scientists and technicians were sweating all over. As days went by, one building after another was erected for the research center and workshops.

Prior to this, Marshall Nie Rongzhen had signed an accord on behalf of the Chinese Government on new national defense technology with the Soviet Union. According to the accord, the Soviet Union promised to provide China with an atom bomb model for teaching purposes. They had done a lot of work for the exhibition of this model, and sent people to the station for its delivery on several occasions, but the model never appeared.

One day, Liu Jie, the vice minister of the Second Engineering Building Ministry, sent for Deng Jiaxian and said: "You must be mentally prepared; we must rely on ourselves for the theoretical design of the atom bomb."

That happened in the late 1950's.

"The research and development of a strategic nuclear weapon is where the interests of the Chinese and the world's peoples lie; now we have to rely on ourselves!" He was addressing the young college students. He encouraged the young people around him by saying: "People like us who are engaged in this undertaking should willingly become unknown heroes. We should not care about fame, nor personal benefits, but we must bear hardships. Even your fruits of scientific research are not to be published as theses."

If the atom bomb is compared to a dragon, the theoretical design of the atom bomb will be "the dragon head." According to a saying by the leading member of that time: The cubic equation for "the dragon head" is "the dragon head" of "the dragon head" of "the dragon head." The result of this leading work had a bearing on the success of all kinds of engineering design of the atom bomb. None of the Chinese had ever built an atom bomb before, and there was no authority to speak of in this field. Under the conditions of the strict blockade abroad, Deng studied hard, and prepared his lessons before giving lectures. The young people called him Professor Deng, but he said: "No don't do that, let's work together!" Sometimes, he had to prepare his lessons until four in the morning, and he would take a rest in the office for two or three hours, then resume his work at daybreak. In the evening, the college students would all come to the office to study, but Deng would work until the others had stopped their studying, despite the fact that his wife and children were waiting for him. Often he would go home on his bicycle under the escort of young people in the still of the night. Then, the gate to the barbed wire compound of his living quarters being closed, he would climb over the barbed wire fence, and the young people would pass the bicycle to him over the fence. When he got home, he would find his wife working in the office on the evening shift, and his son asleep in the corridor. In those days, his whole energy was devoted to his work. Day in and day out, he would be in a trance, and he would think of the atom bomb even when he was walking. He worked so untiringly that many "jokes" about him circulated among those around him. One evening, they had some urgent task to complete, and when it was finally done, he said to one of his comrades, "Come, let's have a meal at my place!" When they had supper, the guest found the noodles had turned into some kind of gruel. His son had put the noodles in cold water before he put the pot on the fire!

"I'm sorry, that's my child's cooking," Deng said apologetically. Because his wife was working heart and soul in the office, their child had to do all the cooking. A primary school pupil of 12, his son had already undertaken all the household chores including preparing all the family meals.

Usually, he would never give orders to others at work, but just pat their shoulders and say: "Well, I'll have to rely on you for this, please do a good job of it." In those days, he worked overtime almost every night till midnight. Several years went by and in his planned work schedule, Sundays were always included as workdays. He had a familiar way with young people, being together with them all the time. He showed a great concern for others and was always untiring in his work. When it was 19:30 on Sundays, he would say: "All right, let's call it a day; it's time for you to go home and take care of your family affairs."

Nothing is too difficult to accomplish in this world. Deng Jiaxian and the others worked day and night, and by 1959, they had outlined the theoretical calculation of China's first atom bomb. In a series of key questions, such as explosive dynamics, neutron conveyance, nuclear reaction, the properties of material under high temperature and pressure, all kinds of scientific data had been worked out in a down-to-earth way, with no margin for error. China had none of the large-type electronic computers at that time. In order to get to the bottom of a problem, he once led more than 10 young people working on it continuously in three shifts day and night. Nine times they worked on the calculation with the help of four hand-operated calculators. Even working so meticulously, they were not satisfied with the results, and they invited such specialists in theoretical physics as Zhou Guang to make their estimation based on physical conceptions. The results proved that Deng's scientific data was accurate and sound.

At 15:00 on 16 October 1964, a fiery mushroom-shaped cloud rose with a boom in the sky above the vast Gobi Desert. This thunder which shocked the world proclaimed: The age when the Chinese people were bullied arbitrarily has come to an end!

Later, a reporter of Chinese origin living abroad wrote, saying: "When news of the successful trial explosion of China's first atomic bomb spread abroad, the ecstacy and pride of the Chinese people was beyond description. In the eyes of Overseas Chinese, that mushroom-shaped explosion was the full bloom of the spiritual flower of the Chinese nation. And the news spread from the newspapers and radio broadcasts was the letter from home worth a thousand gold pieces."

The spiritual flower of the Chinese nation in full bloom was precisely cultivated by Professor Deng Jiaxian and thousands upon thousands of ordinary Chinese people; and the letter from home worth a thousand gold pieces was written in the skies with the sweat and blood of a large number of unknown heroes.

This Is the Battlefield, I Won't Leave!

Shortly after the successful explosion of the first atom bomb, when Deng Jiaxian's thrill had not been pacified, another job with still greater difficulties fell on his shoulders, as well as those of other scientists and technicians.

This was another job requiring arduous labor. As responsible person for organizing the theoretical design in the development of the H-bomb, the difficulties he met with were unimaginable. In winter 1965, the research and development of the H-bomb was at its critical juncture. Once in the still of the night the guard was still standing by the door of the computer workshop. People asked why he did not go to sleep, and he answered he was there "to stand guard for Lao Deng."

"I'm sure he is not going home tonight. We'll take care of him, and you had better go to bed." Deng spent the whole night in the workshop that night, and he did not leave the place until he got the results. Day in and day out, he never stopped for a moment in his work. Sometimes, he would just take a rest on the floor of the workshop. He was under constant stress, experiencing one success or failure after another and crucial moments of life and death together with his colleagues. Particularly after he was appointed director of the Nuclear Weaponry Research and Design Institute, he had always played an exemplary role, been bold at taking risks, and exerted all his efforts.

Nuclear weapon technology has always been an absolute top secret with the superpowers. It is impossible to get it through such channels as import and exchange, and it is unavailable no matter what amount of foreign currencies we have. Under the arduous and difficult conditions in China, the Chinese wanted to master these technologies with their own wisdom and hands. Aside from necessary support from the party and state, Deng Jiaxian and the other scientists who participated directly in the research and development of the nuclear bombs, have paid a tremendous price beyond imagination for it.

"As an organizer and participant in the course of the research and development of the H-bomb and new strategic nuclear weapons, Deng is a man of great merit!" Deng's colleagues said in unison. Every important breakthrough in the development of new strategic nuclear weapons, and every successful milestone test is linked with Deng Jiaxian's name, they said. All year round, he was going from one place to another, going where the difficulties where, appearing at the posts where the work was most dangerous, in the workshops for special material processing, at the dynamic physical test ground, in the wilderness in snowstorms.

It was well after midnight one day and he had already gone to bed. The nuclear material processing workshop faraway suddenly called him on the phone; a problem had cropped up in the processing of a key part. He put down the phone, said nothing, and got into a car still in his slippers. At that time, he was close to 60. He drove the car at top speed on the rugged valley roads in complete darkness for more than three hours, and it was almost daybreak when he finally arrived at his destination. He did not take a moment's rest, and ran straight into the workshop which processed the nuclear material. A worker who persisted in his work despite his illness was greatly comforted when he saw the director on the site, who made light of all the hardships in getting there. Deng studied the problem together with the workers, and soon solved it.

As director and one who takes the lead among scientists and technicians, his every word and action in his personal appearances at critical moments was unforgettable and comforting to those under his leadership. Now, all the parts of the nuclear device had been prepared, and the general assembly work was to begin. The assembly hall was completely quiet, scientists and technicians would come in, each to his own assembly post. Deng Jiaxian held the hand of one of the technicians. "But, why is your hand so cold? Come, let me warm it for you," Deng said, and put his hand inside his coat. "There's no hurry; we have ample time!" The scientists and technicians understood his appearance at every critical moment, which needed no explanation: "should anything happen, we'll die together!"

When they worked, the scientists and technicians always bore Deng's words in minds: "There must be a weight to make the balance work! Nothing is a trifle here. Everything is important here. Any small problem will bring a disaster if not properly solved." Therefore, he always repeatedly asked everybody: "Any more problems?" And he would not accept even the smallest hidden danger.

One day, in the workshop in which the nuclear device was to be stored at the test base, a technician noticed a spark when positioning the crane which was to lift the nuclear device. It was already 5:00 in the morning and Deng had only gone to bed a little earlier because he had worked well past midnight. Learning about the situation, he hurried to the site. But no matter how hard they tried in testing, the spark did not show again. He then decided to set up a specialized group to get to the bottom of the problem. [paragraph continues]

When the technician saw that the director was serious and concerned about the problem, he became all the more energetic in his work, and got all the records concerned ready, examining every entry on who had been there, and what had been moved. The search for the cause did not end until past 16:00 that afternoon when it was eventually pinned down.

Year in and year out, he led scientists and technicians in the bitter struggle of research and nuclear testing at the forefront, working selflessly, and spent a whole decade living alone without the company of his wife and children. The risks of failure, the joys of success, working in the open under attack from storms and frost, had turned his sideburns white, and his face was marked with deep wrinkles. However, a tremendous success almost cost him his life through overexcitement.

This was during an underground nuclear test. Everything was ready, and all the people at the test ground were waiting for the solemn countdown to "zero." The nuclear device was slowing going down the shaft, and all testing devices were set to work, monitoring whether or not all kinds of scientific data were normal, but when the nuclear device was sent deep into the shaft, a signal on one of the testing devices failed to work.

"What are we to do?" The scientists and technicians returned to the tents, trying to find a way out. Some suggested taking the nuclear device from the shaft to make a thorough examination; others believed this to be too dangerous, and they were for continuing to send the device lower down the shaft when the problem was solved. Thus the discussion went on from midnight till dawn. Finally, having compared all suggestions, Deng decided to adopt appropriate measures on the site. Together with the scientists and technicians, Deng arrived in the neighborhood of the shaft, and studied a solution for the problem. The wind was howling over the Gobi Desert, and it was piercing cold, for the temperature was minus 30 degrees Centigrade! People found him exhausted, and said: "Director Deng, you had better go home!"

"No, here is the battlefield, I can't leave it!" Deng refused solemnity.

He did not leave the site until the trouble was ended. When the successful test was over, a celebration of the occasion was held, but he passed out after he drank just a small glass of wine in all his excitement, because he had not been eating regularly. Those at the scene laid him down hurriedly, and when his blood pressure was tested, it was shown to be very low.

"Director Deng! Director Deng...." People were calling his name, but he was still in a coma. He only opened his eyes after the doctors had applied first aid throughout the night.

When he came to, the first thing he asked about was: What was the result of the nuclear explosion test? Was all the data ready? He just would not take a rest, and plunged into intense work.

Utter Loyalty to the Motherland

Of the 32 nuclear tests China has conducted, Deng Jiaxian has on 15 occasions been personally in charge of command in the test team headquarters. During this period, he was often on a tight schedule, going straight from the railway station to the airport. Sometimes, there was not even time for a normal meal, and he had to get some steamed bread from the canteen and start for the journey. Within the period of a month one year, he made two round trips from the factory to the test site, a distance of several thousand kilometers! [paragraph continues]

More often than not he would get straight to work the moment he stepped out of the plane. It was always between three and four hours sleep at night, and he would often work all night through. Sometimes, having just gone to bed, after a telephone call he would put on his clothes again and set out to work.

The tense work over long years impaired his health, but he totally ignored it. He passed out on the test ground on several occasions. Once, when a nuclear test was about to take place in winter 1984, he started for the test ground, dragging his legs along with some difficulty on the snow-covered earth. Suddenly, he found himself unable to go on any longer, and said to the two scientists walking in front of him: "Give me a hand, please give me a hand!" So saying, he fell upon the shoulders of the two men breathlessly. It turned out that he had stomach trouble, and an attack of hypoglycemia. He was extremely weak, but he continued working after he had taken some candies and water.

When a breakthrough was made in H-bomb theory, he would be as happy as a child with every success of the nuclear test. At such moments, he would take cigarettes and candies from his pockets, and say with smiles: "I'll stand you a treat today!" And if circumstances permitted, he would invite everyone to dinner.

But Deng Jiaxian was always very strict on himself. People say, as a famous scientist and leading cadre, his daughter was the last to return to the urban areas from Nei Monggol, settling down there in the countryside. For years, whenever he returned to Beijing from the research and test base, he would always buy a bus ticket with money from his own pocket, and he would take the bus when he was out on business. Once, he went to visit his wife, who was then confined to a hospital. On his way home, he was caught in a shower without even an umbrella. When he got home from the bus stop, he was wet through. When asked why he had not taken the car specially provided for him, he said: "I am a communist, I shouldn't enjoy special privilege when dealing with my personal affairs."

Shortly before a nuclear test in late January 1984, Deng Jiaxian took several scientists and technicians along with him to report their work condition to Beijing. In another two days, he would have to fly back to the test site. At that time, the airplane fare happened to rise. When he learned that the difference in prices between front and back cabins would be 40 yuan, he told the others to book him a seat at the back cabin. He said: "Let's save as much as we can for the state!"

"Deng, with your academic level and experience, it is entirely possible for you to make your life a bit more comfortable. You can travel at home and abroad and see the world, giving lectures and touring places. Why should you have selected such a path and willingly struggle on such an arduous post?" An engineer asked him when they were having a conference in Hangzhou.

"Yes, the West Lake is so beautiful! It seems that it's the first time that I have ever visited Hangzhou. I have never imagined that it could be so beautiful. It's surely a wonderful thing to see places. But, a person should always do more for the people!" He answered, viewing the fascinating West Lake scene.

When touring the tomb of Yue Fei, he purposely stood in front of the stone tablet with the inscription "Utter Loyalty to the Motherland," and said to his comrades: "Come, please take a picture of me here."

And that is Deng Jiaxian, a man who has dedicated his whole life to the motherland, a man who has written a new song of "Utter Loyalty to the Motherland" with his own life.

China's intellectuals are worthy of the pride of the Chinese nation. This is because thousands upon thousands of people like Deng Jiaxian are engaged in bitter struggle in oblivion, to rejuvenate the Chinese nation, seeking neither fame nor personal interests.

LIAOWANG Commentary

HK100940 Beijing LIAOWANG in Chinese No 25, 23 Jun 86 pp 4-5

[Commentator's article: "They Are the Pride of the Chinese Nation"]

[Text] The editorial department of this weekly received a feature written by one of its reporters, entitled "Deng Jiaxian, a Man of Great Merit in Developing the 'Two bombs'," at a time when the last batch of manuscripts for the current issue had just been sent to the compositor. We have made it an exception to carry this feature as a leading article in this issue. The editorial department seriously recommends it to the readers: Please read it through and come to know Deng Jiaxian, an outstanding intellectual, who has made important contributions to the motherland!

China's intellectuals are the pride of the Chinese nation. Here we have Deng Jiaxian, who has waged bitter struggles for, and devoted himself to, invigorating the Chinese nation silently, remaining unknown for two decades. As a matter of fact, he is not the only one to do so, for there are also his comrades-in-arms and colleagues. The hundreds and thousands of intellectuals, "the spiritual flowers of the Chinese nation in full bloom," who have devoted their hearts and souls, sweat and even their lives, to the lofty cause, should all be respected and admired by the people. Together with the workers and peasants on other fronts, thousands upon thousands of intellectuals like Deng Jiaxian are pushing forward the development and expansion of socialist industry, agriculture, commerce, science, national defense, education, culture, sports, and public health.

New China has risen from the East, and won the admiration of the world's people with its startling accomplishments, scope and speed of construction. The important contributions of the intellectuals are right there. Will any undertakings go without the intellectuals? No, certainly not.

Our readers may see the features of China's intelligentsia today from Deng Jiaxian's deeds.

He has a fiery heart, cherishing the motherland as well as the people. For the interests of the motherland and the people and the progress of the Chiense nation, he has plunged himself into his undertakings heart and soul, disregarding his own fame and interests, his health, and even his own life. Is he not the kind of man who is selfless, noble-minded, and pure as Comrade Mao Zedong mentioned in his earlier years?

He is full of pride and confidence in his own strength. Was it difficult to make an atomic bomb? Yes. Was it difficult to make a H-bomb? The more so, it was. Those who already had them would not teach us, nor even give us a model. "We can't rely on others, because they are unreliable; we have to rely on ourselves!" How well he has put it, with boldness of vision! Be united, be determined, study diligently, quietly put ones' shoulder to the wheel, and overcome the difficulties. He and his comrades have finally made it. Arduous struggles and self-reliance are precisely the virtues of the Chinese nation.

He adheres to the scientific attitude of seeking truth from facts, works in a down-to-earth manner, but has never taken a chance; even with a slight mistake, he would spend days and nights on end to get to the bottom of it, which is the way to avoid failure and to ensure success, and the spirit of bearing responsibility for the state and people. He is lenient towards others, but very strict on himself. He has made great contributions, but he has asked very little for himself, and this is precisely the noble character and sentiments a communist should possess!

For a period in the past, China's intellectuals were discriminated against, regarded as aliens, and censured as "the stinking ninth category". Even today, it is hard to say that such effects have been completely eliminated in some people's minds. We hope that those comrades will take a look at Deng Jiaxian -- the advanced representative of the Chinese intelligentsia. How respectable and adorable they are! Are they not the pillars of the State?

For some time in the past, people acknowledged only the fruits of physical labor, negating or deprecating those of mental labor and in effect pulling society back to illiteracy. Such views are probably still wandering in society, hindering the implementation of policies for the intellectuals. We hope that those comrades will take a look at Deng Jiaxian -- The advanced representative of China's intelligentsia. Can his, or their contributions be calculated in workhours and workdays?

If you really want to realize the four modernizations, you will have to show respect to, and treasure, the intellectuals. Chinese intellectuals like Deng Jiaxian are trail-blazers for the modernization of China.

NATIONAL SEMINAR HELD ON GOVERNMENT OPERATIONS

OW101534 Beijing XINHUA in English 1515 GMT 10 Jul 86

[Text] Taiyuan, July 10 (XINHUA) -- The Chinese Government's operations must be streamlined or they will retard economic development, a professor of political sciences said here at a national seminar on governmental functions.

Speaking at the first such conference in China for at least 30 years, Cao Peilin, an associate professor at Shanghai's Fudan University told more than 70 political scientists China should study government's role in the economies of the Federal Republic of Germany, Japan and the United States.

Participants in the conference delivered 40 papers along the lines of Cao's remarks. The conference was held last month in Taiyuan, captial of Shanxi Province in north central China. Proceedings were released today.

Tan Jian, an associate research fellow of China's Academy of Social Sciences, argued that China's centralized management system "was a transplant of the Soviet model of 1930s."

That system "controlled economic and social affairs with commands from the central government," Tan said. "This might be a good system for winning military and political victories, but it lacks flexibility and so does not suit the development of a modernized, socialist commodity economy."

But in addition to interfering too much in the economy, "China's government departments have tried to accomplish too much," said Yu Haocheng, deputy chairman of the China Politics Society. Following national leader Deng Xiaoping, Yu argued that overextended agencies "dampen the initiative of those who try to accomplish their departments' main tasks."

For example, he said, in line with China's tradition since 1949, government work units spend a substantial portion of their energy taking care of their workers' basic needs.

"So we have government departments in charge of housing, of transportation, of hotels, cinemas, kindergartens and other facilities in addition to whatever their primary purpose is supposed to be," he said.

Worrying about meeting workers' needs that are also addressed by city governments has "diverted leaders' attention from their main work, led to confusion in the management of municipal services and the overstaffing of government institutions, and disrupted the main work of government," he said.

The issue of government's proper role was raised 30 years ago, in the early years of China's economic development following the 1949 liberation. But, according to Yu, the issue became embroiled in political struggles and debate was discontinued.

"This resulted in the slowdown of economic development that followed," said Yu.

But beginning in late 1978, China's "government began to change its main focus from class struggle to economic development," he said, and the subject became relevant once again.

Liu Yichang, associate research fellow of the China Society for Public Administration, said government functions in China are continuing to change -- from centralized command planning to guided planning stressing market mechanisms.

In practice, Liu said, "this means adopting indirect management of the economy and granting enterprises autonomy in production and operation."

This also means moving such seconrdary activities as workers' food services to specialized enterprises and implementing modern management methods, he said.

And it means studying the experience of other countries. "China should learn from Japan how the government can use financial and administrative means to manage the economy, and it should learn from the United States how to regulate the economy with spending policies, subsidies and other economic levers," he said.

ZHU HOUZE DISCUSSES THEORETICAL PROBLEMS

HK031147 Beijing WENZHAI BAO in Chinese No 325, 29 Jun 86 p 6

[Summarized report by WENZHAI BAO Materials Office: "Zhu Houze Discusses Theoretical Problems" -- first paragraph is WENZHAI BAO introduction]

[Text] Not long ago, Zhu Houze, director of the Central Propaganda Department, delivered a speech at a meeting held in Shanghai on the current theoretical work. Excerpts of the speech follow. Subheads are our editors.

Will Socialism Actually Work?

Zhu Houze said: Not admitting that Marxism and the international communist movement entered the stage of another low ebb after 1956 is not a historical materialist approach. After World War II, quite a few socialist countries made mistakes in development in succession, but Japan and the FRG developed fairly rapidly. The development of basic sciences since the beginning of the 20th century has promoted technological revolution to advance with big strides. In the face of the postwar new international political and economic situation, people are bound to ask again and again "will socialism actually work?" In solving the problem, not only are theoretical deliberations and explanations needed, but what is needed more is that the solution to the problem also should be tested in practice. The emergence of such a trend of thought is a reflection of historical necessity.

Adherence to the Four Basic Principles Is Not the Specific Standard in Daily Life

Zhu Houze said: Some people are worried, since theoretical work has just become livelier, whether the practices of stressing the four basic principles are combating bourgeois liberalization will hinder the liveliness and flowering in literary creation? In my opinion, as a strategic slogan and principle, adherence to the four basic principles and opposition to taking the capitalist road must be upheld. However, this is a political concept, a standard on the higher plane of principle. It is not directly equal to or a substitute for the standard for specific behavior in daily life. Literature and art works full of vitality cannot be produced using a fixed mold.

Socialism Is the Practice and Exploration of the Whole Party and the Whole Nation

Zhu Houze said: Since socialism is under practice and exploration, in envisaging future society, we should not prematurely make any excessively detailed description while we lack in repeated practice. We should also not prematurely make any excessively rigid regulations on permitting or not permitting or on banning or encouraging some issues currently under practice and exploration. The practice and exploration of socialism in China is an undertaking of the whole party and the whole nation and not the result of the judgements of a small number of individuals.

We Are Not Free From Mistakes in Making Theoretical Judgements

Zhu Houze said: Theory should play a tremedous guiding role. This is needed by practice. However, such a role cannot be completed in one try.

It may develop errors in two forms. One is that theory is divorced from practice and the other is that mistaken judgments are made on the explorations of practice, blocking the road to the truth. For example, in the last 3 decades, our peasants and cadres at the grass-roots level have reached the edge of truth and the threshold of rural economic rejuvenation many times. However, their practices were regarded as "capitalist" and "regressive" due to mistaken theoretical judgments. This lesson particularly merits attention.

GUANGMING RIBAO VIEWS OPENING POLICY

HK101249 Beijing GUANGMING RIBAO in Chinese 30 Jun 86 p 1

[Commentator's article: "Opening to the Outside World and the Building of Spiritual Civilization"]

[Text] We must open the country to the outside world and must not close it to international intercourse. China has stated clearly the choice to the world. This is a prudent choice made by the 1 billion people and is also a choice that should not be changed.

However, at present whenever the opening up policy meets with reverses and whenever there is something foul, some people immediately relate it to the choice we have made, and even doubt it. An often-heard statement says that we have gained something materially but lost something spiritually. As a result, our effort to open up to the outside world has imperceptibly been played down. It seems that we had better close slightly the door that has been opened.

To clarify this problem, we must have the aid of theory and facts and must have patience.

We must be aware that building socialist spiritual civilization must be based on material conclusions to a certain degree. Otherwise, it is impossible for people to engage in a spiritual production and live a healthy, rich spiritual life. Thanks to the opening up policy, our economy has become more prosperous and our material wealth has somewhat increased. This has laid a sound foundation for strengthening spiritual civilization.

What is more important is that people's minds have changed. As a result of opening up to the outside world, people's thought has been heavily pounded by outside influence and made great progress. Compared with the past of our country, no doubt it has been very modernized. However, now we find that there is still a long way to go toward modernization and take it as a target toward which to strive. This results from our having broadened our horizon and compared our country with the world's developed countries. With the field of vision widening, there are certainly one or two people who blindly worship foreign things and fawn on foreign powers. However, the vast majority of the Chinese people have aroused their national self-respect and self-confidence after comparing our country with other countries. Our forefathers never fell behind others; we will certainly be able to stand firmly as a giant among different nations of the world. At the same time, with the closed, conservative, and narrow concept of small production broken, people now have a stronger sense of competing with each other and catching up with the advanced and are encouraged with the noble spirit of carrying out reform and blazing new trials, while their ideas of inertia, sticking to conventions, and being satisfied with old practices are changing. [paragraph continues]

Their encouraging mental attitude, progressive ideas, and scientific way of thinking have all resulted from the drive of opening up to the outside world and have become an important content of our spiritual civilization.

Spiritual civilization also includes education, science, and culture. Since opening up our country to the outside world, we have widely associated with developed countries in the field of education, we have paid attention to new scientific and technological achievements emerging in the world and imported advanced technology and equipment, and we have absorbed successful foreign experiences in the fields of culture and art. All this is quite obvious to everybody. At the same time, a wave of advocating science and seeking knowledge has emerged. Scientific and cultural development and the untiring pursuit of scientific and cultural knowledge will help people enhance their consciousness and combat uncivilized, backward ideas. This also constitutes a part of spiritual civilization.

Opening to the outside world also helps us critically assimilate some progressive ideas and morality from capitalist society. Historical materialists do not think that there is nothing in common between the societies of different systems. The socialist spiritual civilization we are building is not a river completely separated from the long river of man's history (just as some people imagine the building of a unique proletarian railway). Contrary to this, socialist spiritual civilization inherits and develops all good things and thinking of mankind and is an ocean where hundreds of rivers of man's civilization flow together. Experience has demonstrated that socialist spiritual civilization can assimilate and has assimilated some progressive ideas, morality, and achievements from capitalist society, such as attaching importance to knowledge and talented people, good work efficiency, observing public order and health, and paying attention to courtesy and politeness in public association.

In the course of opening to the outside world, we certainly meet with some things that are relatively complicated. Therefore, we should make an analysis of them and distinguish between good and bad. For example, some popular thoughts and theories are not all a complete mess. A.I. Herzen said: "There are no philosophic theories that are based on pure lies and fallacies." In order to hold water and persuade people, these theories inevitably contain something reasonable. For this reason, we have adopted and used something useful from capitalist economics and some scientific methods of management. Moreover, some habits and customs as well as some headgear and footgear upon which our comrades frown are in fact nothing but different habits and customs of different nations; they are of no class nature. Thus, some changes taking place in our way of life should not be regarded as a bad thing. We should not exaggerate the concept of "bourgeois influences" and stick on all foreign things a label of class nature.

With our country opening to the outside world, some capitalist rubbish does enter our society. These decadent things corrupt weak-willed young people who lack life experiences. Some of them uphold the corrupted profit-before-everything mentality and advocate benefitting themselves at the expense of others; some have lost their bearings before colossal profits and fallen capitve to unhealthy tendencies; and others harm the interests of the state and people in no consideration of personal or national dignity. Therefore, we must take the matter seriously and adopt effective measures to prevent these poisonous germs from spreading. [paragraph continues]

Meanwhile, we must carry out education in patriotism, collectivism, and communism so as to enable them to acquire more mental immunity. Meanwhile, we should not negate the benefits brought to us by virtue of the opening up policy and close the door of our country again only because of the appearance of these negative factors. We must also realize that the opening up policy is not the source of some immorality in our society. It is because "socialist society still has the vestiges of the old society from which it emerged, such as the vestiges in the economic, moral, and spiritual fields." It is easy and simple to blame all faults on the opening up policy. But this does not tally with the facts, and will also hinder our cause of socialist modernization from going forward.

Our opening up policy has brought a positive influence on the building of socialist spiritual modernization. We must definitely affirm it. We should not ignore negative influences, nor should we exaggerate them. Ignoring them will prevent us from fighting their harmfulness, but exaggerating them will hinder us from carrying out the opening up policy smoothly.

QIAO SHI 5 JULY SPEECH AT LAWYERS' CONGRESS

HK100843 Beijing RENMIN RIBAO in Chinese 8 Jul 86 p 4

[Speech by Qiao Shi: "Strive To Build a Socialist Lawyer System With Chinese Characteristics -- delivered to the First National Congress of Lawyers (5 July 1986)"]

[Text] Comrades:

The convening of the First National Congress of lawyers marks a new stage of development of China's lawyer system. Our party and state are attaching great importance to and showing great concern for the work of lawyers. On behalf of the CPC Central Committee and the State Council, I would like to extend our warm congratulations to this congress and, through the participants, our cordial regards to lawyers throughout the country!

Since the 3d Plenum of the 11th CPC Central Committee, the work of lawyers has been rapidly rehabilitated and developed in our country. At present, there is already a 20,000-strong continent of lawyers, and in many places, law offices and legal advisory organizations have been set up. Over the past few years, lawyers have been playing an increasingly greater role in upholding socialist democracy and the legal system; in promoting reform, opening to the outside world, and economic invigoration and construction; in protecting citizens' legal rights and interests and severely punishing serious economic and other criminals according to the law; and in publicizing the legal system, improving the relations among the people, and stepping up the building of spiritual civilization. Facts show that it is entirely necessary to perfect the lawyer system, build a contingent of lawyers, and strengthen the work of lawyers in our country. Especially, under the new situation of reform, opening up, and economic invigoration, in order to implement Comrade Deng Xiaoping's instruction on "grasping both economic construction and the legal system with out two hands," it is imperative to vigorously strengthen the work of lawyers. Without a perfect lawyer system, the legal system cannot be perfected.

In his opening spech at the 12th CPC National Congress, Comrade Deng Xiaoping pointed out: "Our modernization drive must proceed from China's realities. In both revolution and construction, we must pay attention to studying and absorbing foreign experience. [paragraph continues]

"However, we will never succeed if we mechanically copy the experiences and models of other countries. In this respect, we have had many lessons. We must integrate the universal truth of Marxism with China's concrete realities, follow our own path, and build socialism with distinctive Chinese charateristics. This is a basic conclusion we have drawn from our long-term historical experiences." Our lawyer system must also be a socialist lawyer system with distinctive Chinese characteristics, which is in conformity with our national conditions. In this respect, we do not have a model to follow, and we have to constantly probe, study, and sum up experience in the course of practice, and gradually develop and perfect the lawyer system.

First, the lawyers in our country are law workers rather than free professionals. This fundamental character decides that our lawyers must unconditionally place themselves under the party and state leadership, faithfully serve the fundamental interests of the party, the state, and the people; and work for the development of socialist democracy, the perfection of the socialist legal system, and the building of socialist material and spiritual civilizations.

Second, in the work of lawyers, we must adhere to the socialist road, the people's democratic dictatorship, the leadership of the Communist Party, and Marxism-Leninism and Mao Zedong Thought. To uphold these four basic principles should be the basic guiding principle for the work of our lawyers. Only thus can we ensure that our lawyers adhere to a correct political orientation in work, constantly improve their quality politically and professionally, and enhance their ability to work for the party and the state and to serve the people.

Third, our lawyer system is an organic part of the socialist legal system. Fundamentally speakang, the work of our lawyers is united with the work of public security and procuratorial organs and people's courts, because they have the same objective; that is, to act strictly according to the law on the basis of facts to defend the dignity of the Constitution and other laws and the dignity of the socialist legal system. On this premise, they coordinate, supplement, and restrict each other.

Fourth, our lawyers must be upright and honest in performing their duties, serve the people wholeheartedly, and value the interests of the party, the state, and the people above everything else. They must uphold truth and be always ready to correct mistakes. They should never violate the interests of the state and the collective and the dignity of the law merely for the sake of their clients, nor should they yield to certain persons' and influence and fail to seek truth from facts, argue strongly on just grounds, and speak impartially to defend the legitimate rights and interests of the state, the collective, and the citizens.

The National Lawyers' Association, which will be established soon after this congress, is a mass organization for the unity of the broad masses of law workers. It is expected that this association will make unremitting efforts to train more lawyers and to improve the quality of lawyers and to explore the road of establishing the lawyer system with distinctive Chinese characteristics.

At present, although certain progress has been made in the work of lawyers in China, basically speaking, the lawyer system is still in its infancy and is in need of universal attention and support from all quarters.

The CPC committees, governments, and political and legal departments at all levels must understand fully the importance and role of the work of lawyers in the course of perfecting the socialist legal system and attach greater importance to and support the work of lawyers. It is necessary to take resolute measures to stop and deal with the illegal act of obstructing lawyers from performing their legal duties and even persecuting the lawyers and to effectively protect the rights and interests of lawyers. It is necessary to create necessary working conditions for lawyers and resolve the lawyers' difficulties in work and life. At the same time, we sincerely hope that the broad masses of lawyers in our country will understand profoundly their glorious duties as the people's lawyers; love their work; painstakingly study Marxism, Mao Zedong Thought, and the party's policies and state laws; and strive to improve their knowledge and working ability, give full play to their enthusiasm and creativity, and make bold explorations and advances, so as to make more outstanding achievements in their work and win further trust and respect from the whole society.

I wish this congress complete success!

CHEN PIXIAN ADDRESSES LEGAL REPORTERS MEETING

OW131832 Beijing XINHUA Domestic Service in Chinese 1226 GMT 13 Jul 86

[Excerpts] Beijing, 13 Jul (XINHUA) -- The Chinese legal reporters' association held an inaugural meeting 12-13 July. Chen Pixian, member of the Secretariat of the CPC Central Committee and vice chairman of the NPC Standing Committee, attended the meeting to extend his greetings. He pointed out in his speech at the meeting: To propagate legal knowledge among the cadres and people, carry out education in the legal system, and intensify news reporting on the legal aspect is basic to instituting the legal system, as well as being an important task at present to enforce the legal system. He urged all legal reporters in China to create a new situation of legal reporting in order to meet the needs of enforcing the legal system. [passage omitted]

Chen Pixian addressed the opening ceremony of the association. He said: Comrade Deng Xiaoping unequivocably pointed out recently: "The legal system is in the interest of the whole. In order to enforce the legal system it is important to solve the problem of education. A fundamental question is how to educate people." At present we have legislation to guide the major and fundamental aspects of our national life and social life. However, some cadres and people, with a weak sense of law, still do not have the habit and experience of doing things according to law. A fundamental way to solve this problem is to spread legal knowledge among the cadres and people, and educate them in the legal system. Journalists shoulder an important responsibility in carrying out the education.

He urged the journalists to make more reports on the legal aspect. He said: Apart from continuing to report the crackdown on criminal and economic offenses, journalists should also report more on the legislation work and how the laws are carried out in the civil, economic, and administrative fields. In order to make the legal system promote and protect the smooth procedure of our economic construction and reform, journalists should particularly pay attention to studying and reporting how the cadres and people are using legal means to regulate and control economic operations in the course of restructuring the economy. [passage omitted]

GUANGMING RIBAO ON POLITICAL STRUCTURAL REFORM

HK270709 Beijing GUANGMING RIBAO in Chinese 16 Jun 86 p 3

[Article by Ma Zhenggang: "On the Role Played by Political Restructuring in Promoting the Development of Spiritual Civilization"]

[Text] The building of socialist spiritual civilization not only needs a solid material foundation, but also needs extensive people's democracy. In order to bring socialist democracy into full play, we must carry out reform of the political structure. The synchronous advance of political structural reform and economic structural reform will greatly promote the development of spiritual civilization in our country.

I. Political Restructuring Is the Guarantee for the Building of Spiritual Civilization

As part of the social superstructure, spiritual civilization not only conditioned by the economic basis, but is also influenced by other factors of the superstructure, such as political factors and laws. When viewing the socioeconomic and political situation in our country, we find that, on the one hand, our country lags behind the developed capitalist countries in the level of social productive forces, and, on the other hand, our political system of people's democratic dictatorship is superior to the capitalist political system. This fact shows that the building of socialist civilization in our country depends not only on economic development, but also on the improvement and development of the political system. However, the superiority of the socialist political system must be demonstrated through some proper political forms and requires continuous improvement and reform of the political structure. Otherwise, the superiority of the socialist political system will merely be an abstract concept, and using the advantages of the socialist political system to promote the building of spiritual civilization will merely be empty talk.

Socialist construction is an organic entity that includes three major parts: socialist economic construction, political construction, and cultural construction. These three major parts are interdependent and interact on each other. None can develop and advance independently. The integrity of socialist construction requires us to coordinate socialist reforms in all fields and to form an integrated reform program that includes reforms in various major aspects so that reforms in various fields will promote each other and our all-round reform will progress in a harmonious way. In recent years, our political structural reform did not keep pace with economic structural reform. As a result, the building of spiritual civilization in our country lagged behind the development of the overall situation, and also affected the smooth development of our economic structural reform. If the defects in our political system remain unchanged, the three major parts of socialist construction will all be directly of indirectly affected, and in particular, the building of spiritual civilization will be directly harmed. The fact that it is difficult to check party and government cadres' involvement in business transactions is also related to the lack of a democratic atmosphere in our political structure and to the existence of bureaucratism. Defects of the cadre system enable some leading cadres to use their power in pursuit of selfish gains. [Paragraph continues]

The vague division of functions and duties between party organizations and government institutions has also weakened the party's leadership and the political and ideological work. Therefore, only through reforming the political structure can we have a political guarantee for the building of spiritual civilization.

II. Perfecting the State Organs, Arousing the Initiative of the People for the Building of Spiritual Civilization.

The socialist state organs are an organizational entity that represents the will and interests of the people, exercises state power, and manages state affairs on behalf of the people. They form the main part of the entire socialist political structure. Therefore, whether the state organs are functioning smoothly and reasonably on a sound basis is a question which has direct bearing on whether our socialist political structure is perfect and whether the people's democratic rights are fully guaranteed. At present, we should pay special attention to the following issues for the purpose of perfecting and improving the state organs and building socialist spiritual civilization:

First of all, we should strengthen the supervision of the state power organs over the administration organs. This will effectively check bureaucratism in state organs and prevent functionaries of the state organs from breaking the law and neglecting their official duties. So, this will effectively check the unhealthy tendencies in various state organs so as to improve public conduct as a whole.

Meanwhile, it is necessary to strengthen the functions of the people's congresses at all levels. The people's deputies should be answerable to the people. The domestic consciousness of the people and their understanding of the legal system should be raised. For a long time in the past, many people did not strongly feel the necessity of a sound democratic system and did not clearly understand the legal system. This is always a weak link in building our spiritual civilization. Through reform, the people' democratic rights will be better exercised through the functions of the people's congresses at all levels, and the people will also raise their domestic consciousness and deepen their understanding of the legal system. This is an important part of our efforts to develop spiritual civilization.

We should strengthen the functions of the people's congresses, streamline the unwieldy administrative organs, and set up some necessary new organs. This will fully guarantee the people's rights in managing various cultural undertakings. Under the present conditions, the people's rights in the management of cultural undertakings are exercised through the people's congresses. With the people's congresses performing more important functions, the people will have a stronger sense of responsibility and will have greater initiative in the building of spiritual civilization.

III. Reforming the Cadre System, Requiring Cades To Play a Leading Role in the Building of Spiritual Civilization

The success or failure of all socialist undertakings is directly related to the state of the cadre system of the socialist state. In the past, the reform of the cadre system in our country did not keep pace with economic structural reform, and economic reforms were conducted on the basis of the old cadre system. [paragraph continues]

As a result, some leading cadres seriously misrepresented the correct policies formulated by the party and government. For example, when the party and government decided to develop the planned commodity economy, some cadres took advantage of this opportunity to run their own profit-taking business; when the party and the government stressed the need to bring socialist democracy into play and expand enterprise decision-making power, some people went against the central authorities' instructions by adopting various countermeasures without regard to party discipline and state law; when the party and government called for opening up to the outside world and enlivening the domestic economy, some people engaged in illegal speculative transactions and profiteering business in order to satisfy their insatible desire for private gains without hesitating to sacrifice national and state interests. Such malpractices in the ranks of the leading cadres have seriously corrupted our social values and public conduct and have harmed the building of spiritual civilization. In order to thoroughly check these unhealthy tendencies, we must thoroughly reform the cadre system.

The principles and requirements for reforming the cadre system are precisely an important part of our socialist spiritual cadres are also a yardstick to judge the level of our spiritual civilization. The de facto lifelong tenure of office for cadres, the patriarchal leadership style, and the bureaucratic work style are all incompatible with socialist spiritual civilization. To eliminate all these unhealthy phenomena is an urgent requirement of socialist spiritual civilization.

Reorganizing the ranks of cadres in light of the four requirements will give scientific guidance to cadres at various levels in the building of spiritual civilization. The building of socialist spiritual civilization, like socialist economic construction, has its own objective regularly and characteristics. Only when leading cadres at all levels really master this regularity and characteristics can they avoid making erroneous policies for the building of spiritual civilization. Therefore, leading cadres must first meet the four requirements.

The people should be able to elect cadres, supervise their work, and remove incompetent cadres from office. This will effectively correct the unhealthy tendencies among the cadres. The socialist state system determines in principle that all cadres, in no matter what position they are, must be public servants. However, facts show that if the people cannot exercise their rights to supervise the cadres' performance in their work and to dismiss those who are incompetent, it is unavoidable that some public servants may degenerate into overlords riding roughshod over the people and abuse their powers and official functions in various scandals of infringing upon the people's interests. So, only when these public servants are placed under the people's supervision and when the people can decide their appointment and removal can we effectively prevent some leading cadres from using their power in pursuit of private gain and vying with each other in seeking selfish interests.

Adoption of a system for defining cadre's tenure of office will help train and cultivate socialist new people. The basic task in the building of socialist spiritual civilization is to cultivate a new generation of people who have lofty ideals, moral integrity, good educational background, and a sense of discipline. The system of setting a fixed tenure of office for cadres is an effective way to train socialist new people, because it enables more people to be promoted to leading posts.

So, more people will exert themselves to meet the four requirements, and more people will become qualified cadres with socialist consciousness. This will then promote the building of socialist spiritual civilization.

Separating Government Functions From Those of Party Organizations, Strengthening the Party's Leadership Over the Building of Spiritual Civilization

In recent years, there were two deviations in our country regarding the position and function of the ruling party in the state political structure: The first was reflected in the fact that the principle of separating government functions from those of party organizations was not implemented thoroughly in some localities, where the functions of party organizations were still confused with the functions of government and party organizations did not take care of party affairs. The second was reflected in the fact that because some local party leaders lacked correct understanding of the party's leading role, some local party organizations simply washed their hands of any routine affairs after they were relieved from government functions. These two deviations have adversely influenced the building of spiritual civilization. In order to correctly ensure the party's leadership, we should take reform steps to deal with these two problems.

Regarding the functions and leadership methods of party organizations, Lenin pointed out: "The party's task is to exercise overall leadership over all state organs." ("Collected Works of Lenin" Vol 33, p 221) The so-called overall leadership refers to political, ideological, and organizational leadership rather that concrete administrative interfernece. Our reform of the party's position and function in the state political structure should follow this principle. We must first implement the principle of separating government functions from those of party organizations. Without doing so, it will not be possible for the party to exercise effective political, ideological, and organizational leadership. Under the premise of separating government functions from those of party organizations, the party must exercise its leadership through the formulation and implementation of correct principles and policies, through the exemplary role of party members, and through the party's propaganda and organizational work.

The separation of government functions from those of party organizations is a major step for straightening out the party style. Comrade Deng Xiaoping pointed out: "Setting aright the party style is the key to straightening out public conduct." What should we do to straighten out party style? Party rectification and the method of carrying out criticism and self-criticism are of course important and useful measures, but they are not the sole way to straighten out party style. If there is no strict organizational measure, the results of ideological education will not be guaranteed. Therefore, in order to effectively straighten out party style, apart from conducting party rectification and doing political and ideological work among party members, it is still necessary to strictly implement the principle of separating government functions from those of party organizations. Cadres responsible for the party's organizational work must not be allowed to directly handle administrative affairs and manage enterprise production. Our party is a ruling party. If party cadres can directly handle routine administrative affairs, power will be too centralized, and this will give opportunities for some people to abuse power by seeking selfish interests. [paragraph continues]

Separation of government functions from those of party organizations will also be favorable to the consolidation of the party organizations. After freeing themselves from routine administrative affairs, party organizations at all levels will be able to better concentrate on studying and implementing the party's line, principles, and policies and on enhancing their ideological, organizational, and party style quality. The quality of party organizations is a decisive factor for the building of socialist spiritual civilization. With good quality, they will play a leading role in improving public conduct and social values.

RENMIN RIBAO ON NEED FOR VOCATIONAL TRAINING

HK100717 Beijing RENMIN RIBAO in Chinese 7 Jul 86 p 1

[Commentator's article: "A Strategic Task"]

[Text] After working out the correct line, guiding principles, and policies, the success in realizing the four modernizations program and invigorating the Chinese nation lies in talented personnel. There are several categories of talented personnel. In the process of promoting socialist modernization, we need not only a great number of senior scientific and technical experts, but also a larger number of junior and middle-level and senior technical workers, and hundreds of millions of vocationally well-trained urban and rural laborers. Without such a well-organized large contingent of laborers and technicians, we are unable to turn our advanced technology, facilities, and management means into practical productive forces. Even if we have senior specialized personnel, it is difficult for us to give full play to their role.

To train a large contingent of laborers and technical workers, we should rely on developing vocational and technical education. Vigorously developing vocational and technical education is a strategic task facing our country's economic and education work.

Vocational and technical education is the weakest link in our country's general educational system. There are historical reasons for this situation. For example, our country's vocational and technical education started late, had a poor foundation to start with, and was devastated during the 10 years of turmoil. We have encountered many difficulties in restoring and developing it. However, the more important reason is that the concepts of many of our comrades have lagged behind the times.

Since the 3d Plenary Session of the 11th CPC Central Committee, we have achieved very great results in bringing order out of chaos, and in attaching importance to the training of talented personnel for the whole society. However, a few years ago, some comrades had one-sided views on training talented personnel. For example, when they talked about the training of talented personnel, they always thought of higher education. They looked down on or even neglected secondary vocational and technical education. Due to the fact that the proportion of general senior secondary schools in the secondary educational structure was too big, a situation of "a massive army pushing simultaneously toward single-plank bridge" occured. A large number of candidates, who failed in their university entrance examination, had not acquired any special skills when they sought employment.

According to statistics, the ratio of engineers to technicians in China's engineering enterprises is 3:1. According to the experience of some developed countries, there are 3-5 technicians to 1 engineer and 10-15 skilled workers to 1 engineer. In most of China's enterprises, the number of engineers is out of proportion to that of technicians. This causes a waste of talented personnel at the higher level. This is because the development of secondary technical schools, which are responsible for training technicians, is too slow. Some localities even blindly turned secondary technical schools into colleges. It is thus more difficult to change the situation of imbalance in the increase of the numbers of engineers and technicians.

As industry in China is presently underdeveloped, technical workers are traditionally trained through the "apprenticeship system." Linking education with labor has now become a common trend in various countries throughout the world in developing education. In some developed countries, due to the fact that workers receive extensive pre-employment vocational training, highly skilled workers account for 20 percent, middle-level skilled workers 50 percent, and junior skilled workers 30 percent of the total workforce. However, according to statistics issued by China in 1985, in industrial and communications enterprises under ownership by the whole people, junior skilled workers accounted for 71 percent, middle-level skilled workers 27 percent, and highly skilled workers (most of them over 50) 2 percent of the total of 40 million skilled workers. That is the reason for the poor quality of many enterprises in China. It is a task of top priority to vigorously develop vocational and technical schools, and to train a large number of senior and middle-level skilled workers.

With the change in the rural economic structure and the development of commodity economy, people need scientific knowledge whether they are engaged in farming, the breeding industry, or running town and township enterprises. We need a generation of new people who have mastered modern technology for production. All this has assigned an urgent and arduous task to rural vocational technical education. The development of tertiary industry, commerce, and services also relies on a large number of qualified technical and management personnel trained through vocational and technical education.

In a word, various trades and services should look at vocational and technical education with new eyes, and approach it from the high plane of the development of the trades and services concerned.

The reform of our country's labor system is imperative. The principle of "vocational training before employment" should be widely and gradually pursued. Vigorously developing vocational and technical education is the work of educational departments. This is also a bounden duty of economic departments and other departments. Various relevant quarters should cooperate with each other closely to solve practical problems of running vocational and technical schools in terms of funds, teachers, school buildings, facilities, and so on. They should make contributions to the great development of vocational and technical education.

BEIJING ON PROMOTING CIVILIZATION IN COUNTRYSIDE

OW131338 Beijing Domestic Service in Mandarin 1100 GMT 12 Jul 86

[Station commentator's article: "Modern Peasants Must Be Imbued With Modern Civilization"]

[Excerpts] Over the past few years, many peasants have begun to eliminate poverty. Their material life has become better and better. Hundreds of millions of peasants have never been so cheerful and high-spirited. China's vast countryside has never been so full of vigor. However, we must also realize that despite the developing economy in rural areas, socialist spiritual civilization is still not yet well developed. In some localities, feudalist and superstitious activities such as worship of gods and Buddha and extravagant wedding parties and funerals still prevail. Some cadres do not hesitate to spend money to repair temples, but hate to spend money to repair buildings and buy desks and chairs for local schools. Some peasants do not hesitate to spend money to worship Heaven, but are reluctant to spend money to send their sons or daughters to study science or master technical skills. All these ignorant and backward phenomena run counter to our targets in building the new countryside.

At a meeting in 1962, Comrade Chen Yi exhorted people against ignorance. He said: Imperialism is an enemy. So is feudalism. Ignorance is also a formidable enemy. More than 30 years have passed since the founding of new China. In many areas, particularly in remote areas, peasants still suffer a great deal because they are ignorant. One of the pressing tasks at present is to help peasants to forge ahead in developing modern civilization so that modern peasants will be imbued with modern civilization while continuously reforming the rural economy. To build a socialist new countryside is the aspiration of hundreds of millions of peasants. However, we must vigorously develop not only material civilization, but also spiritual civilization. Otherwise, we will not be able to consolidate our collective economy and maintain it over a protracted period, even if we have done a good job in developing it. [passage omitted]

We must grasp the two civilizations simultaneously. We must not only eliminate poverty, but also emancipate ourselves from ignorance. By carrying out ideological education in various forms, we must lead peasants to consciously resist and combat uncivilized and unhealthy ideas and habits. At the same time, we must carry out education and serious criticism, even to the extent of taking legal actions against those individuals who take the lead in promoting feudalism and reviving superstition, in confusing and poisoning people's minds, and in undermining the development of spiritual civilization in the countryside. In a word, our rural outlook will definitely become better and better if the leadership at all levels in our countryside truly and firmly grasps the development of spirutual civilization as a strategic task of great significance.

CORRECTION TO CENTRAL LEADERS AT OFFICIAL'S FUNERAL

The following correction pertains to the item headlined "Central Leaders Attend Former Official's Funeral," published in the 9 July China DAILY REPORT, page K 15, from paragraph three, last line:

...county [passage omitted] (new graph) Wreaths sent by central leading comrades, including Hu Yaobang, Chen Yun, Peng Zhen, Ulanhu, Wan Li, Xi Zhongxun, Qiao Shi, Yu Qiuli, Deng Liqun, Wang Zhen, Bo Yibo, Yang Yichen, Kang Keqing, and Chen Zaidao, were laid on both sides of Comrade (Li Shangwu)'s remains. [passage omitted] (new graf) More than 600... (rewording passage)

HENAN LEADER ON RURAL PARTY RECTIFICATION ISSUES

HK110215 Zhengzhou Henan Provincial Service in Mandarin 1300 GMT 10 Jul 86

[Excerpts] Zhao Di, deputy secretary of the provincial CPC Committee, spoke yesterday at the conclusion of the provincial forum on rural party rectification attended by directors of prefectural and city CPC Committee party rectification offices. He demanded that the CPC committees at all levels strengthen leadership, make sound preparations for village-level party rectification, and do a thoroughly good job in completing township-level rectification.

Comrade Zhao Di stressed: Henan has 47,000 rural party branches and 1.36 million party members. The task of launching party rectification on such a large scale is extremely arduous. The party committees at all levels must therefore pay great attention to this work and get a serious grasp of it from now on. Every county, city, and district must organize pilot projects in village-level party rectification. [passage omitted] The focus must be on solving problems of serious abuse of power and grave violations of law and discipline by party-member cadres.

Comrade Zhao Di said: The rural economic accounts are managed in chaotic fashion. Many party-member cadres have seized collective property. This has a serious effect on party-masses and cadres-masses relations. Whether serious stock can be taken of these accounts is a major hallmark for judging whether village-level rectification has been done in a superficial way or not. We must organize forces to get a serious grasp of this work. [passage omitted]

On township-level party rectification, Comrade Zhao Di said that this work commenced in mid-December 1985 and its conclusion began at the end of June. Generally speaking, progress has been smooth, development healthy, and results good. The main problems at present are: 1) The problems in a few townships have not been properly resolved and they need to make up for missed lessons. 2) The work of investigating and dealing with cases in a few counties and townships has left some stains behind. Some of the leftover problems are rather great and need to be handled vigorously. 3) There are many leftover problems in organizational measures. In many places there are party members who have been arbitrarily reregistered before their problems have been thoroughly investigated. These problems must all be properly resolved. [passage omitted]

Zhao Di said: It has recently been discovered that certain units have arbitrarily transferred to other work comrades sent to work in party rectification offices. They have even arbitrarily dismissed or downgraded these comrades. This is impermissible. Places and units where such problems exist must seriously check on them and put things right.

ZHENGZHOU PLANT MANAGERS URGE POLITICAL STRUCTURAL REFORMS

HK110115 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 10 Jul 86

[Text] According to a GUANGMING RIBAO reporter, a number of Zhengzhou City plant managers hold that there can be no guarantee for expanding enterprise decision-making powers unless political structural reforms are carried out and the upper-level organs are streamlined and truly delegate their powers. Otherwise, it will be impossible to mobilize the enterprises' enthusiasm.

In the past 2 years, the Zhengzhou City CPC Committee and government and the departments in charge of the enterprises have done a lot of work in implementing the State Council's regulations on expanding decision-making powers. The powers of many central and provincial enterprises have thus been firmed up. However, due to the fact that political structural reforms have not been carried out in many upper-level units and departments synchronously with implementing the regulations on expanding decision-making powers, some powers that should have been delegated to the enterprises have not been, and some powers that were delegated have been quickly withdrawn again by the departments in charge.

A sample survey shows that over 40 percent of the State Council's 10 regulations on expanding decision-making powers have not been implemented. The outstanding signs of this are: 1) The enterprises' power to sell their products has not been implemented. If the enterprises lack the power to sell their products, this has a direct impact on business relations between the enterprises and other places. 2) The power of establishing organs has not been implemented. Certain departments demand that the enterprises establish organs [words indistinct] and adopt all kinds of measures to make life difficult for them if they do not. 3) The power of labor and personnel management has not been implemented. One enterprise promoted a young worker to managerial rank. When it reported to the upper-level department in charge, it failed to get approval for this move for over 6 months.

The plant managers demanded that in the wake of the continual deepening of reform and the expansion of the plant manager responsibility system, it is essential to solve the problem of enterprise [words indistinct]; otherwise, the plant managers will, as in the past, have only responsibilities without powers, and the plant manager responsibility system can hardly be effectively promoted.

GUAN GUANGFU VISITS HUBEI TELEVISION WORKERS

HK091132 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 8 Jul 86

[Excerpts] On the afternoon of 4 July, provincial CPC Committee Secretary Guan Guangfu, Governor Guo Zhenqian, and provincial CPC Committee Deputy Secretary Zhao Fulin went to the studio of the Hubei television play production center in (Jiutianshan), 40 km from the center of Wuhan City, to visit the principal play production workers, including playwrights, directors, and cameramen of the television play serial "Wangzhaojun," which is being jointly shot by the Hubei television play production center and the Nei Mongol television station. Zhang Jinxian, chief playwright of this television play and director of the Hubei provincial broadcasting and television department, and responsible persons of the play production department introduced the situation in making preparations to the leading comrades of the provincial CPC Committee. [passage omitted]

Responsible comrades of relevant departments, including the general office and propaganda department of the provincial CPC Committee, took part in the ceremony to mark the beginning of the shooting.

HUBEI SECRETARY MEETS PARTY SCHOOL GRADUATES

HK111244 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 10 Jul 86

[Excerpts] Yesterday morning Guan Guangfu, secretary of the provincial CPC Committee, and Qian Yunlu, deputy secretary of the provincial CPC Committee, went to the provincial CPC Committee Party School to call on the students who will graduate this summer.

They had a discussion meeting with representatives of the students.

The responsible comrades of the provincial CPC Committee encouraged teachers and students of the party school to build up a good school style of forging ahead, seeking truth from facts, blazing new trails, and dedicating themselves, so as to build the party school into one of the important bases for studying theory and bringing forth talented people.

Some 371 students will graduate this summer, the biggest number in the history of the party school. After having a photograph taken with all the students, the responsible comrades of the provincial CPC Committee met with some representatives of the students.

Comrade Guan Guangfu delivered a speech at the meeting. He first stressed the role and position of party schools. He said that we are now carrying out two grand projects. One is the four modernization drive through which we will build socialism with Chinese characteristics. The other is to bring forth a great number of cadres who are revolutionary, young, well educated, and have professional knowledge. Party schools play a very important role in fulfilling these two projects. We must view party school work from this high plane and attach importance to, and strengthen, party school work.

Comrade Guan Guangfu put forth four requirements on how to further properly carry out party school work.

1. It is necessary to do well in training cadres in connection with the characteristics of party schools. [passage omitted]

2. It is necessary to study the party's line, policies and principles since the 3d plenum of the 11th CPC Central Committee. [passage omitted]

3. It is necessary to put the education in party spirit, party style, and party discipline in an important position. [passage omitted]

4. It is necessary to adopt the teaching method of linking theory with practice. [passage omitted]

Comrade Guan Guangfu said that party schools must cater to the four modernization drive, and strengthen research on theory. He expressed the hope that theoretical workers of party schools would take an active part in the four modernization drive and reform, have the courage to research theory, dare to tackle tough problems, and dare to explore complicated and controversial problems in real life. The provincial CPC Committee Party School must set a good example to all party schools in the province in studying theory. It must provide theoretical information to the provincial CPC Committee and CPC committees at all levels, and make great breakthroughs in theoretical research and exploration. [passage omitted]

On how to strengthen self building of party schools, Comrade Guan Guangfu said that the political quality of the members of the leadership groups of party schools must be good on the whole. It is necessary to set higher demands on the members in party spirit, party style, and party discipline. These members must set an example in uniting with others. [passage omitted]

Comrade Guan Guangfu also demanded that the provincial CPC Committee Party School strengthen ties with party schools of all prefectures and counties.

CPC committees at all levels must strengthen their leadership over party school work, support party school work, create necessary conditions for properly running party schools, and gradually set up and perfect networks and systems for party school education in the province. Comrade Qian Yunlu also delivered a speech at the meeting. [passage omitted]

HUNAN REPORTS INDUSTRIAL SUCCESSES, PROBLEMS

HK070307 Changsha Hunan Provincial Service in Mandarin 2200 GMT 6 Jul 86

[Excerpts] According to HUNAN RIBAO, the province achieved gratifying results in industrial and communications production in the first half of the year. Total industrial output value was 14.21 billion yuan, representing 49.8 percent of the year's plan and showing an increase of 6.5 percent over the same period last year.

The special feature of industrial and communications production in the first half of the year was that an appropriate growth rate was maintained despite serious shortages of electric power, fuel, capital, and raw materials, and despite the fact that the growth rate in the corresponding period of last year was rather high. The provinces's figure for the entire period was slightly higher than the figure forcast for the whole country. All 13 prefectures and cities and all 13 major industrial departments, with the exception of coal, achieved better production than in the same period of last year. [passage omitted]

However, there are still many discrepancies compared with the demands advanced by the provincial economic work conference at the beginning of the year. The main problems are that the quality of some products is unstable, input consumption and losses have both increased, certain products are now stockpiled, and the amount of capital required for production has increased. The province has carried out a sample survey of 273 light and textile industry products since April. Only 53 percent of food products and 74 percent of other products were found up to standard. Over 400 enterprises covered by the provincial budget are now running at a loss, and the amount of the loss is greater than in the same period last year.

At a recent provincial telephone conference on industry and communications, the provincial government ordered that a good job be done in arranging production in the second half of the year. [passage omitted] The province should maintain a growth rate of 7 to 8 percent and strive to attain a total output value of 30 billion yuan for the year. [passage omitted]

HUNAN HOLDS MEETING ON RURAL PARTY RECTIFICATION

HK090243 Changsha Hunan Provincial Service in Mandarin 2200 GMT 8 Jul 86

[Excerpts] Provincial CPC Committee Deputy Secretary Liu Fusheng pointed out at the third provincial conference on rural party rectification, which concluded on 8 July, that in village-level party rectification it is necessary to proceed from rural realities and regard as the primary tasks conducting in-depth education in party spirit and improving the party members' ideological and political awareness.

Comrade Liu Fusheng said: The village level is the frontline in reform and economic construction. [passage omitted] We must correctly handle and practice the principle of solving the problems without causing confusion and strictly act according to party policies without leaving any after-effects.

Village-level party rectification must be closely linked to the special features of the rural areas. We must base the work on reality, carry out in-depth education in party spirit, and improve the party members' political quality, to enable them to enhance awareness and unify understanding. We must strictly investigate and deal with serious cases of abuse of powers and violations of law and discipline by party-member cadres, and other problems that arouse strong reaction among the masses.

We must do a good job in the organizational rectification of the party and strengthen the building of the leadership groups.

Regarding the timetable and measures for village-level party rectification, Comrade Liu Fusheng said that village-level party rectification will start in the second half of this year and be basically completed by the spring festival of 1987. We must pay attention to making use of slack season in agricultural production. As far as method is concerned, we must persevere in conducting education by positive example. On the basis of enhancing awareness, we should unfold criticism and self-criticism, unify people's thinking, correct mistakes, and purify the organizations. [passage omitted]

Provincial CPC Committee Secretary Mao Zhiyong spoke at the conclusion of the meeting. He stressed that the party committees at all levels must strengthen leadership over village-level party rectification. The secretaries must grasp the work personally. Deputy secretaries in charge of party rectification must spare no effort. The party rectification office force can only be strengthened, not weakened. While getting a good grasp of village-level party rectification, the prefectures and counties must also fully complete district and township rectification and consolidate and develop the fruits of rectification in units at and above county-level.

HUNAN LEADER ON CORRECTING PARTY STYLE, MALPRACTICES

HK130139 Changsha Hunan Provincial Service in Mandarin 0900 GMT 12 Jul 86

[Excerpts] Liu Fusheng, deputy secretary of the provincial CPC Committee, pointed out at a meeting of responsible cadres of provincial departments and bureau this morning that the provincial organs must further correct party style, straighten out sectoral malpractices, and transform their work style so as to provide better service for the basic levels. He said: The provincial CPC Committee has decided to transfer 700 party-member cadres from provincial organs and some central units in Hunan and send them to the rural areas to help with party rectification. [passage omitted]

Liu Fusheng said: At present the responsible comrades of certain units have muddled ideas regarding the correction of sectoral malpractices. In correcting such malpractices, we must start with the leading organs and the principal leading cadres. [passage omitted]

The 700 party-member cadres being transferred will be sent to 20 counties at the end of August. They will work there for 6 months. After party rectification is concluded, these counties can be regarded as permanent liaison points for the provincial units sending cadres there.

Shi Xinshan, secretary of the provincial Discipline Inspection Commission, presided at the meeting today. [passage omitted]

NEI MONGGOL CONGRESS COMMITTEE MEETING ENDS 8 JUL

SK100959 Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 8 Jul 86

[Text] After a 9-day session, the 17th Standing Committee meeting of the 6th regional People's Congress, which had fulfilled the items of the agenda, concluded on the afternoon of 8 July.

Batubagen, chairman of the autonomous regional People's Congress Standing Committee, presided over the meeting. Attending the meeting were vice chairmen of the regional People's Congress Standing Committee, including Zhou Beifeng, Seyinbayaer, and Butegeqi.

Attending the meeting as observers were Bai Junqing, vice chairman of the regional people's government; Wang Linghong, chief procurator of the regional People's Procuratorate; and responsible persons from the regional Higher People's Court, from the relevant regional-level departments, commissions, bureaus, and offices, from the offices in charge of People's Congress work in various leagues, and regional level cities from the People's Congress Standing Committees of a number of banners, counties, and districts, and from the organs under the regional People's Congress Standing Committee.

The meeting approved the resolution to establish the group in charge of legal system work under the regional People's Congress Standing Committee and the decision on electing deputies to the next committee at the sumu, township, and town level in Ih Ju League. The meeting also held discussions on draft regulations and rules on regional autonomy.

The meeting proceeded in fully developing democracy during discussions in a very lively atmosphere. At the meeting, the participants aired their own views and spoke out freely. They held earnest and careful discussions with the comrades attending the meeting as observers on the structure and every act of the draft regulations and rules on regional autonomy and put forward many supplementary and revisory opinions that have provided a favorable basis for improving or perfecting these regulations and rules.

Questions and the supplementary and revisory opinions raised by the participating members and the personnel attending the meeting as observers will be submitted to the drafting committee at the fourth session, which will be responsible for organizing the work of revising these regulations and rules. These revised regulations and rules will be distributed to the departments, leagues, cities, banners, and counties throughout the region to further solicit the opinions of cadres and the masses of various nationalities in an extensive way. Then, these well-discussed regulations and rules will again be submitted to the regional People's Congress Standing Committee for examination and approval.

SHAANXI ECONOMIC OFFICIAL URGES SOLVING REFORM PROBLEMS

HK030517 Xian XIBEI XINXI BAO in Chinese 23 Jun 86 pp 1, 4

[Article by Li Jiayou: "Apply the Reform Spirit To View and Solve Problems in Reform"]

[Excerpts] Applying the reform spirit to view and solve problems in reform means proceeding from the desire for reform and finding ways to resolve the problems in reform by going deep into the practice of reform; the aim of solving these problems is to promote reforms, not to preserve and revive the old system and order. We should apply the viewpoint of reform to view new people and events in reform. We cannot use the yardstick of the old system to measure the results of reform and go in for nitpicking, finding faults, and hampering the progress of reform. At present we should particularly ensure that the cadres and masses apply the viewpoint of reform to view and deal with the following issues:

I Take a Correct View of Advanced Units and Persons in Reform

A number of advanced units and persons in reform have recently suffered all kinds of censures and reproaches and are having a very uncomfortable time. This is extremely unfavorable for deepening the reforms. In recent years the advanced units and persons in reform have gone in for bold pioneering and innovation, thereby leading us forward and gaining merit by opening up a new situation in reform. The reforms will lose their momentum if we are unable to take a correct view of these units and persons. We must make a specific analysis of the problems of various kinds among them. Only a very few people, motivated by moneygrubbing, commit all kinds of outrages while waving the signboard of reform. Of course we have to deal with such people in accordance with party discipline and state law. However, in most cases the problems are related to the nature of their work; or else mistakes occur in their work and certain of their methods "go too far" because they do not have a clear understanding of the policies, or because their own regulations and methods of the policies, or because their own regulations and methods seemed to be in line with the policies in the past but are not so now. We must not seek perfection regarding these problems in work and blindly censure these comrades for them. We must sum up experiences and lessons with them and encourage them to brace their spirits and do still better in reform. So long as people are exerting every effort, we must allow certain deviations to occur in their work and must not mete out indiscriminate punishment to them. We should still less hold the comrades at the lower levels accountable for problems caused by lack of unity in the intentions of those in the upper levels.

It also happens that comrades engaging in reform who have no problems regarding themselves incur the jealousy of certain people and are victimized, falsely charged, and suffer miscarriages of justice just because they have in the course of reform encroached on the interests of certain people, or else because "the big tree attracts the wind." In such cases it is necessary to act in line with the principle of seeking truth from facts and carry out investigation and verification so as to promptly overturn all the derogatory terms heaped on them. We must also resolutely act in line with the intention of the fourth session of the Sixth NPC that "it is necessary to deal severely with launching retaliatory attacks, making false accusations, and framing people," and "sentence the accuser to the punishment facing the person he wrongly accused."

When reformers encounter difficulties, the leading comrades at all levels must show concern for them, encourage and support them, provide them with the necessary protection, and take the initiative in shouldering responsibility for the mistakes in their work. At the same time, it is necessary to pay attention to discovering and cultivating still more advanced typical examples of reform and use them to guide the way to carry out reform in greater depth.

II Take a Correct View of the Plant Manager (Director) Responsibility System

Carrying out the plant manager (director) responsibility system is a major reform in the enterprise leadership setup and an important aspect of internal reforms in the enterprises. [passage omitted] At present this system is at the pilot project stage, and 739 enterprises in Shaanxi are carrying out pilot projects in the system. Everyone has unanimous views that this system should continue to be implemented on a trial basis, but there are some different views and opinions regarding its specific workings. Leading central comrades recently made explicit statements on this question on many occasions. We must do a good job in ideological and political work and bring everyone's thinking into line with the intentions of the central authorities. We should lay stress on having a clear idea regarding two issues: 1) The plant manager has the power to hire and fire middle-grade cadres and to nominate a deputy manager. The specific methods and procedures for doing this must be beneficial for overcoming the phenomenon of "two layers of skin" in managing personnel and managing production, and should help the plant manager to make correct and effective policy decisions; 2) a plant manager cannot have the sole say or abuse his powers. When problems arise, he must hold more consultations and exchanges of views with the responsible comrades of the party committee and the trade union, follow the mass line, respect the views of the party committee, and strive to gain the support and cooperation of the party committee and the trade union. He should rely on the collective wisdom in order to do his work well.

III Take a Correct View of Problems That Arise in Wage Reform in the Enterprises

Wage reform is a very complex and sensitive issue, and the staff and workers have a great variety of views on the matter. All units must act in the spirit of the "outline for propaganda on current enterprise reform issues"; on the basis of seriously investigating and analyzing the state of mind of its own staff and workers, each unit should use various forms of carrying out appropriate propaganda, education, and explanation work, so as to stabilize the workers' emotions and ensure that they will care for the overall situation and contribute toward making a success of wage reform in the enterprise in the attitude of being masters of the house. Regarding the issue of the reduction of the bonus funds after the wage readjustment, the state has allowed 75 percent of the money to be included in production costs. We must take advantage of this condition to rapidly set up economic responsibility systems and put them on a sound basis, so as to solve the problem of the "big pot of rice" gaining ground, mobilize the workers' enthusiasm, and boost production.

IV Correctly View the Relationship Between Reform and Unhealthy Trends

We must persevere in reform, and correct unhealthy trends. At present some people on the one hand acknowledge that the situation is good, but on the other vent an extraordinary number of grievances and complaints. "They eat when the meal is served and abuse the cook afterwards," and stir up a "nameless fire." Lack of correct understanding of the relationship between reform and unhealthy trends is an important cause of this phenomenon. We must seriously carry out ideological and political work on these comrades. We should ensure that everyone clearly understands that the root of unhealthy trends is not reform but the influence of capitalist, individualist, and feudalist ideology. [paragraph continues]

It is indeed the case that a few people have taken advantage of loopholes in reform to indulge in unhealthy trends. While correcting the unhealthy trends, we must block these loopholes by replenishing and perfecting the reform systems that have been set up. However we cannot on that account hold that reform is bound to produce unhealthy trends, or doubt and waver over reform because unhealthy trends have to be corrected.

We must strictly grasp the policy demarcation lines while correcting unhealthy trends and must not confuse shortcomings and mistakes in reform with unhealthy trends. In some places, due to lack of clear policies and failure to distinguish between right and wrong, plant managers dare not take responsibility, people dare not undertake contract tasks, purchase and sales staff cannot be sent out, and no one dares entertain visitors. These things affect the enterprises' normal production operations. The upper-level department concerned should promptly formulate a certain number of regulations governing enterprise production operations. [passage omitted]

URUMQI EARTH SATELLITE STATION BEGINS OPERATION

HK091150 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 8 Jul 86

[Excerpts] The Urumqi earth station of the domestic satellite telecommunications network today held a ceremony to mark the commencement of its operation. Beginning today, all places throughout Xinjiang can receive the programs of the Xinjiang television station through this ground receiving station. The Xinjiang television station has now become the first station throughout our country to make use of satellite to relay television programs. [passage omitted]

State Council Vice Premier Li Peng conversed with regional CPC Committee Secretary Song Hanliang through the satellite. [passage omitted]

Regional CPC Committee Deputy Secretary Tomur Dawamat also talked with Vice Premier Li Peng. [passage omitted]

Leading comrades of the regional party, government, and Army, including Song Hanliang, Tomur Dawamat, Janabil, Zhang Sixue, (Tang Guangcai), and (Wu Naixing), also attended this ceremony to mark this operation of the station.

PROBLEMS, CHANGES FOR TAIWAN'S DIPLOMATIC POLICY

HK111337 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 27, 7 Jul 86 p 22

[Article by Wang Peiyu: "A Glimpse of Taiwan's 'Diplomatic' Policy"]

[Excerpts] In early June, Interpol's 82d executive committee meeting unanimously adopted a resolution that: In view of the situation in which the Taiwan authorities refused to take part in Interpol activities under the name of the Police Organization of the Region "Taiwan, China," it has been decided that the secretary general and all members of Interpol should execute the resolution of the 53d plenary session of the organization, and stop Taiwan's police organization from taking part in any of the organizations's business and activities. This is the second severe setback concerning international organizations experienced so far this year by the Taiwan authorities.

Before this, the Asia Development Bank, after admitting the PRC as a member, asked Taiwan to stay in the organization under the name of "Taipei, China." But the Taiwan authorities dealt with this by taking an attitude of "not changing the name, not withdrawing from the organization, and not participating in the activities." The authorities thus caught themselves in a dilemma.

It is just as Yu Kuo-kwa, Taiwan's "Executive Yuan premier," said on this year's international situation, "we are still in an ever-changing and difficult environment."

The status of Taiwan in the international community has continued to drop since the 1970's. At the beginning, the PRC was restored its legitimate seat at the United Nations. Then, China and the United States established diplomatic relations. At present, an absolute majority of the world's countries (134 in number) have established diplomatic relations with the PRC Government, and acknowledge that the PRC Government is the only legitimate government representing China, while Taiwan is part of China [passage omitted]

In order to overcome the difficult situation in the international community, Taiwan has begun "changing" its "diplomatic policy." At a press conference, Fredrick F. Chen, "representative to the United States of the coordination committee for North American affairs," stated that Taiwan "should focus its future security consideration on the Soviet Union." It is widely known that Taiwan has long claimed that Mainland China poses a great threat to the security of Taiwan. But the "new point of view" proposed by Fredrick F. Chien is the first "change" to taken place on a formal occasion.

This "new point of view' has attracted general attention among international circles. Public opinion in the West holds that over a long period in the past, people living on and outside of Taiwan island were generally dissatisfied with the ossified "diplomatic" policy of the KMT authorities. Proposal of this "new point of view" may pacify Taiwan's people and change the "government's image of being ossified," as well as possibly winning more support from people living overseas.

In order to change the impression upon this European and American countries, Taiwan began its so called "substantial diplomatic" offensive. It sent more than 10 teams to the United States for "tactical procurement," each of which brought a turnover value of some $1 billion. It also sent several teams to Europe for large-scale procurement. The aim of this move was to reduce Taiwan's favorable trade balance with this region and to give them a good impression of Taiwan. People called this kind of diplomacy "money diplomacy" [passage omitted]

However, acting on behalf of the "government," "Executive Yuan premier" Yu Kuo-hwa repeatedly stressed the principle of "the four unchanges," that is, we shall by no means change the "state system" formulated by the Constitution of "Republic of China," or the general goal of "Republic of China" to fight communism and restore the country, and so on.

International public opinion pointed out that the Taiwan authorities now face a more difficult situation in terms of "diplomatic" relations. If they do not face the reality about China and the international community, they will be unable to change their situation of being isolated in the international community.

DEFENSE MINISTER URGES RESOLVE IN FACING COMMUNISM

OW122036 Taipei CNA in English 1452 GMT 12 Jul 86

[Text] Taipei, July 12 (CNA) -- On behalf of the Armed Forces of the Republic of Chinese, participants in the 1986 military workshop passed a resolution Saturday to cable President Chiang Ching-kuwo pledging their determination to uphold the anti-communist stand and accomplish the mission of national recovery.

Speaking at the closing of the workshop. Defense Minister Wang Tao-yuan said he believes that the nation will be able to weather through difficulties and create a new situation if all the people here and men and women in uniform can insist on their belief and make utmost efforts to attain their goals.

Wang pointed out that the Peiping regime has never given up its attempts to weaken the nation's resistence against communism and military strength, and therefore, the Armed Forces here must insist on their belief, enhance their solidarity, and strengthen their training to cope with any possible challenge for the Chinese Communists.

Chief of the General Staff Hau Pei-tsun, who presided over the workshop over the past five and a half days, mapped out the guidelines for the Armed Forces' work in the coming one year after listening to reports from various panels.

Hau urged all men and women in uniform to follow the directives given by the late President Chiang Kai-shek and President Chiang Ching-kuo to beef up the Armed Forces' combat capability and to fight vigourously to recover the China mainland and thus attain the final goal of the national revolution.

ESTABLISHMENT OF FREE TRADE ZONE WITH U.S. POSSIBLE

OW140319 Taipei CNA in English 0306 GMT 14 Jul 86

[Text] Taipei, July 13, (CNA) -- Wu Ching-tang, deputy director general of the Board of Foreign Trade, said Sunday that the Republic of China and the United States are carefully evaluating the possibility of setting up a free trade area [FTA] agreement between the two nations.

Wu said that the Government of the Republic of China considers an FTA agreement between the two nations would benefit both sides. For the ROC, it would reduce the ever-increasing trade protectionist pressure from the U.S. and for the United States it would effectively resolve the trade imbalance problem now in favor of the ROC, he said.

Wu said that the implementation of the FTA agreement may be divided into several periods with the final goal to reach zero-tariff trade between the two nations.

However, Wu said it is still premature to say when the agreement might be set up since the two nations have not yet decided to make official contact for the purpose.

CSC DEVELOPS SPECIAL STEEL FOR BUILDING SUBMARINES

OW120255 Taipei CNA in English 0231 GMT 12 Jul 86

[Text] Taipei, July 11 (CNA) -- China Steel Corporation [CSC] has succeeded in developing the technology necessary to manufacture steel plates like those used in building submarines.

CSC Chairman King Mao-hui confirmed Friday reports published in a Swedish magazine that specialize in reports of military interest, and in the domestic united monthly, that the state-owned company has been able to produce the HY-80 model steel plates used in building submarines. The CSC's research unit made this breakthrough last year, King said.

Being a government-run company, CSC is obliged to support the research and development programs of selected private enterprises and of national defense units, CSC Vice President Cheng I-lin said. Over recent years, CSC has succeeded in refining about 300 varieties of steel products, of which over 90 percent have been turned over to private firms for commercial use, he pointed out.

CSC approached the manufacture of the HY-80 steel plates at the request of a certain domestic scientific technology agency. The product was developed through CSC tests and a heat process performed by the Taiwan Machinery Manufacturing Corporation, Cheng said.

The successful development demonstrates that CSC has no technical problem in manufacturing such special steel plates. Full-scale production can begin as soon as manufacturing facilities are tooled up for the job, he said.

BRITISH NAVY RESCUES CREW OF SINKING TAIWAN SHIP

HK130524 Hong Kong AFP in English 0505 GMT 13 Jul 86

[Text] Hong Kong, July 13 (AFP) -- A British naval supply boat rescued 15 crewmen from a sinking Taiwan cargo ship on Sunday, a statement issued by the government here said.

The cargo ship Hwa Lie, carrying 121 containers of textiles and various types of products heading for Hong Kong, was reportedly taking in water at dawn some 60 nautical miles east of its destination.

A supply ship of the Royal Fleet Auxiliary passing by the site rescued all crewmen on board later, the statement said.

A spokesman of the cargo ship's Hong Kong agent, Willy Shipping Co., said the 1,411-ton cargo ship had sunk with its cargo.

Total cost of damages had to be worked out by the ship's owner in Taiwan, the Cheng Lie Shipping Co., the spokesman said.

SITUATION IN VIETNAM AFTER LE DUAN'S DEATH

HK130406 Hong Kong WEN WEI PO in Chinese 11 Jul 86 p 3

[Editorial: "What has Le Duan Bequeathed to Vietnam?"]

[Excerpts] Le Duan died yesterday. He had held power in Vietnam for 25 years, about a quarter of a century. [passage on history omitted]

Le Duan has now left behind a Vietnam where "there is only war and no hope of peace," a Vietnam that panders to the political requirements of a superpower by providing Cam Ranh Bay as a base for foreign warships, thereby exchanging its sovereignty for rubles; a Vietnam where inflation has risen to 350 percent, where 6 million are unemployed, and where the people have lost hope in the party and government and war weariness fills the air; and a Vietnam that is isolated to an unprecedented extent and has only the Soviet Union for a friend.

In Le Duan's hands, the party founded by Ho Chi Minh, which struggled for national independence and sovereignty, has turned into a party that has strangled an independent and sovereign party in a neighboring country. This is truly shocking!

Where will Vietnam turn following the death of Le Duan? The states and the peace-loving governments and peoples in Southeast Asia are closely watching Vietnamese developments. Only by putting an end to the Le Duan policy of building up armaments and expanding in all directions can the Communist Party of Vietnam [CPV] bring about a change and embark on the path of economic construction. This is beneficial not just for the Vietnamese nation's development, but also for peace and security on the Indochina Peninsula.

International economic activities are intertwined in the world today, and no country can develop its national economy and carry out economic reforms in isolation. So long as Vietnam does not halt its aggression against Cambodia, peace-loving states will not undertake any economic cooperation with it, nor can that country extricate itself from its unprecedented and total isolation.

Before Le Duan's death, a major dispute arose within the CPV on how to deal with the deadlock. As a result, it was rumored that Le Duan, Pham Van Dong, and Le Duc Tho would retire by the end of the year. Two weeks ago, To Huu, a member of the Political Bureau and in charge of economic reforms, resigned, and seven ministers were sacked as sacrificial lambs. Preparations were also made to arrange party and government leading posts for the southern reformists Nguyen Van Linh and Vo Chi Cong. However, the Le Duan forces are deep rooted, and a change in Vietnam's expansionist policy in the near future can hardly be hoped for.

A few people on the international scene advocate bringing about reconciliation with Vietnam by offering it economic aid, and thus encourage it to carry out reforms and open up. This idea is unrealistic and even dangerous. If Vietnam is given a blood transfusion, this will only increase its ability to wage a war of aggression against Cambodia and will not help to make Vietnam abandon its expansionist ambitions.

SURVEY SAYS FOREIGN BUSINESS DISSATISFIED WITH PRC

HK140046 Hong Kong Domestic Service in English 2330 GMT 13 Jul 86

[Text] Dissatisfaction among foreign businessmen with operations in China is apparently becoming so acute it could affect the country's modernization. According to a survey of companies having offices in China, there is a danger of foreign investors trimming back unless business conditions are improved. The report, called "China Strategies -- the Inside Story" was drawn up by the Manchester Business School. Its author, Nigel Campbell, told Bill Barnes what specifically the foreign business community were complaining about.

[Begin recording] [Campbell] I think that many foreign businessmen are upset at the rapidity with which prices are increased and the arbitrariness with which they feel this happens. And foreign firms are now saying that they think this will reduce the willingness of companies to open offices in China and will also cause them, if perhaps they don't decrease their staff, at least they are not likely to expand their staff. I am personally very concerned that China is taking advantage of the sellers' market in a way which may do the country's modernization harm in the future.

[Barnes] But the point is surely that China is seen as potentially a vast and important market, if it isn't already.

[Campbell] It is an important market already, and it is a growing one, and I am personally convinced that the market will continue to grow, but I think that as a result of their experience, both with offices in China and with foreign investments, particularly equity joint ventures, foreign companies are becoming rather cautious and hesitant about expansion both of investment and staffing in China, and this is actually not what China needs. China needs the goodwill of the foreign business community for its modernization program, and I fear that they may be, they are in danger of losing some of that goodwill with which they started.

[Barnes] You say that this may be the fault of the approach that foreign companies take in China. They are treating China as something, as a special place, which they don't really need to. What do you mean by this?

[Campbell] Well, I think there is evidence that some foreign companies, when doing business in China or attempting to do business, are not quite as demanding as they are in some other developing countries, and maybe this has resulted in the Chinese negotiating rather toughly and becoming, having a reputation for difficult conditions. My own recommendation is that foreign companies should expect the China opportunity to be evaluated in the same way as opportunities in Nigeria, Brazil, or any other country, and I think that Chinese would be wrong if they expect foreign companies to continue to give China any special favors.

[Barnes] Now, you note in your survey that Japanese companies appear to be prepared to stay in China for a long time. Does this mean that they are quite happy to put up with the discomforts, the aggravation of actually trying to operate in China at the moment?

[Campbell] Well, as you know, the Japanese, in all their business activities throughout the world, tend to take a longer term perspective than American and Western firms, and this is true of China as it is elsewhere.

However, it does not mean that the Japanese are happy with the situation; on the contrary, the Japanese are quite vociferous, and have been quite vociferous, in complaining about price increases and difficulties of doing business. But they regard China as such as important market to them, particularly given its proximity and its wealth of raw materials, that they seem at the moment to be prepared to stick it out. But I think even they will reduce their rate of growth in China, reduce their commitments, or delay their commitments, if prices and conditions are not improved. [end recording]

HONG KONG RESIDENTS MAY BE ABLE TO TOUR DPRK

HK130336 Hong Kong SUNDAY STANDARD in English 13 Jul 86 p 1

[By Pamela Ngai]

[Text] Hong Kong residents may soon be able to travel to North Korea on tours organised by two travel agents in China.

This was announced by the Deputy Director of the Travel and Tourism Bureau of Liaoning, Mr Zhang Shutan, at a recent press conference in Shenyang, China.

Mr Zhang said the Democratic Peoples's Republic of Korea (DPRK) has authorised the Shenyang Branch of the China International Travel Service (CITS) and the China Liaoning Travel Service to organise tours from third countries.

The two agencies are the only ones in China that run the cross-border travel business, he said.

However, tourists holding passports issued by the United States, Japan, Israel, South Africa, Taiwan and South Korea are not entitled to the concession, he said.

Mr Zhang said it was the first time that China has made arrangements for foreign tourists to visit another country.

He said few Western tourists have visited North Korea, and those who join the tours would be enjoying a priviledged experience.

According to a CITS pamphlet, NEW DESTINATION 86/87, those joining the tour will be informed 30 days before the departure their visas have been approved.

Before departure, visitors will have to personally call at the DPRK Embassy in Beijing to collect their visas which will specify the duration of stay in North Korea.

A transit visa is required for the return through China.

FBIS DAILY REPORT

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U.S.-USSR DISARMAMENT TALKS DIFFICULT

OW111230 Beijing XINHUA Domestic Service in Chinese 1610 GMT 8 Jul 86

[Text] Beijing, 8 Jul (XINHUA) -- News Analysis: Is There a Turn in U.S.-SOVIET Disarmament Talks?

By XINHUA reporter Cheng Shouheng

At the recently concluded fifth round of U.S.-Soviet arms control talks in Geneva, the Soviet Union put forward a new "interim plan" [zhong jian fang an 0022 7035 2455 1344] for disarmament. The United States, which had always taken a negative attitude toward Soviet proposals, openly welcomed this one. President Reagan even said that he thought "this might become a turning point." Is there really a turn in U.S.-Soviet disarmament talks?

In his speech at Glassboro before the end of the fifth round of disarmament talks, U.S. President Reagan "welcomed" the new Soviet proposal. He believed that the proposal showed that "the Soviet side had begun to make serious efforts" and that "an atmosphere facilitating both sides to hold serious discussions might really exist." After the conclusion of the fifth round of talks, he, on several occasions, expressed optimism about prospects for the talks. The U.S. delegate to the talks also made a similar appraisal of the Soviet proposal.

Why has the United States, contrary to its normal behavior, become interested in a Soviet proposal?

This is mainly because of the unfavorable situation which the Reagan administration has been in since the beginnning of this year. First, the explosion of the space shuttle "Challenger" has left many "star wars" research projects at a standstill, and many American scientists' and political figures' doubts about, and opposition to, the "star wars" program have further increased. As a result, there are greater difficulties in obtaining appropriations for relevant research projects. Second, the Reagan administration recently announced unilaterally that it was prepared to discard SALT II, which gave rise to a series of objections at home and abroad. Even its NATO allies raised objections to this, landing the United States in an isolated position. Moreover, U.S. congressional midterm elections are approaching. Reagan has thus far achieved little in effecting a relaxation of U.S.-Soviet relations and reducing nuclear weapons which he promised to do during his second term. As a result, the Republican Party has found itself at a disadvantage in the elections. In this situation, the Reagan administration has had to adjust its strategy and relax its attitude toward the Soviet Union in order to show that it is not inflexible.

Meanwhile, the Soviet "interim plan" has some new meaning, which the United States can hardly turn down. First, the Soviet Union no longer completely opposes U.S. "star wars" research but only wants it to limit such research to a laboratory level or within the scope of actions already taken by the United States, and the conditions for this is that both sides will not withdraw from the treaty limiting antimissile defense systems for at least 15 years. Second, the new proposal no longer insists on simultaneous reduction of "intermediate-range nuclear weapons that can reach trhe other side" and strategic nuclear weapons but separates them for "individual solution." These two points are new concessions made by the Soviet Union. Thus, the new Soviet proposal has come closer to the U.S. proposition. If the United States turns down this proposal, it would meet with ever sharper criticism at home and abroad.

Of course, the Soviet Union is making these concessions in return for U.S. limitations in the "star wars" program; the program must not go beyond a "laboratory research level" for 15 years. There is not much change in the basic position. In addition, what is noticeable is that the Soviet appraisal of the results of the fifth round of talks is different from that of the United States. The Soviet Union has not been optimistic, and it has repeatedly criticized the United States for "continuing to hinder the progress of the talks and land the talks in an impasse." This is why the United States has "welcomed" the new Soviet proposal but has not yet accepted it. As a matter of fact, in his Glassboro speech, Reagan clearly said that the United States "cannot accept the proposal in its totality." According to the latest news, the U.S. Government has not yet decided on "the timing for a reply and its content." The U.S. counterproposal will not be ready for at least "another few weeks."

In a word, the Soviet Union and the United States each have their own plans despite the fact that the former put forward a new proposal and the latter showed itself to be optimistic about it. What is most fundamental is that the Soviet Union and the United States will never allow the other side to gain military superiroity. Therefore, the U.S.-Soviet disarmament talks will continue to be filled with hard bargaining, and it will be very difficult to have a turning point in the talks in the near future.

SHEVARDNADZE'S LONDON TRIP WARMS RELATIONS

OW130034 Beijing XINHUA in English 0003 GMT 13 Jul 86

["News Analysis: Shevardnadze's London Trip Marks Relaxation of Soviet-British Ties" -- XINHUA headline]

[Text] Moscow, July 13 (XINHUA) -- Soviet Foreign Minister Eduard Shevardnadze's London visit tomorrow is the most important dialogue between the two countries since December 1984 when Mikhail Gorbachev visited Britain as head of a Soviet parliamentary delegation.

During his first official visit to a West European country since succeeding Andrey Gromyko as foreign minister a year ago, Shevardnadze is expected to discuss bilateral relations and the international situation, in particular the issue of disarmament.

Soviet-British relations have experienced a difficult period in the past year. Last November, the two countries made a round of tit-for-tat expulsions of 31 nationals from either capital. Three months later, Britain decided to join the U.S. Strategic Defense Initiative, popularly known as "star wars" program, and Moscow sharply criticized the British Government for making the decision. Last April, the Soviet Union accused Britain of "complicity" in the U.S. attack on Libya by allowing U.S. bombers to take off from British bases and delayed Shevardnadze's visit to London.

Bilateral relations began to relax only in last May when Gorbvachev met British Deputy Prime Minister William Whitelaw, who was heading a British parliamentary delegation on an official visit to the Soviet Union. Whitelaw handed to Gorbachev a letter from Prime Minister Margaret Thatcher, who expressed in the letter her desire for warmer ties with the Soviet Union despite their differences.

The Kremlin has made a positive response to Thatcher's call. It hopes that Britain will play a more active role in improvng the strained international situation. "There exist great possibilities for the Soviet Union and Britain to conduct successful political dialogues," the Soviet Communist Party newspaper PRAVDA has said.

Foreign diplomats here estimate that next week Shevardnadze will ask Britain to put pressure on Washington regarding questions of arms control, seen as crucial to setting up a second summit meeting between Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan.

Shevardnadze's London trip, following French President Francois Mitterrand's four-day visit to Moscow, has also shown that the Kremlin is now taking Western Europe more seriously than before. It intends to strengthen its position in dealing with Washington by taking advantages of the differences between Western Europe and the United States.

However, the long-standing divergences between Moscow and London will not be ironed out during the 58-year-old Soviet foreign minister's two-day visit. Moscow has asked Britain and France to hold separate talks with the Soviet Union on the issue of nuclear missiles, but both countries have rejected the proposal. Margaret Thatcher has also defended her rejection of Soviet conditions for nuclear arms negotiations and reaffirmed a costly commitment to modernizing Britain's atomic arsenal. She has stated that Moscow's insistence on a freeze on British nuclear capability as a condition for the negotiations on removal of intermediate-range nuclear weapons from Europe is unacceptable. Shevardnadze will probably repeat the Soviet proposals in the talks with his British counterpart Geoffrey Howe and Prime Minister Margaret Thatcher, but no agreement is expected. The two sides will also discuss trade and economic cooperation. Britain has been one of the Soviet Union's smallest trading partners among developed capitalist countries and running a deficit in the trade since 1982. the two countries have recently expressed their desire to increase trade and cooperation in industry, agriculture and other fields.

MITTERRAND'S MOSCOW VISIT BENEFITS BOTH NATIONS

OW111140 Beijing XINHUA in English 0949 GMT 11 Jul 86

["News Analysis: Mitterrand Stresses France's Independence in Moscow by Shen Yiming" -- XINHUA headline]

[Text] Moscow, July 10 (XINHUA) -- It does not appear likely that a substantive agreement has been reached between France and the Soviet Union on the question of arms control during the 3-day visit of French President Francois Mitterrand to Moscow.

Mitterrand concluded his visit today after three rounds of talks with Soviet leader Mikhail Gorbachev on East-West relations, arms control and bilateral relations. Details of their talks have not been revealed.

It is known, however, that the two leaders placed special emphasis on arms reduction, especially nuclear arms control. The Soviet side had hoped that France would make a "parallel", if not "joint", effort with the Soviet Union on the issue of arms control. In his toast at a banquet in honor of the French President, Gorbachev made it clear that he hoped France would coordinate with the Soviet Union on the question of arms control and that France would agree to contribute to the success of the on-going Stockholm Conference on arms reduction in Europe.

The Soviet expectation was based on the fact that France maintains independence in relations with its allies. France has made clear its reluctance to take part in the American "star wars" program and its opposition to extending the arms race to outer space. The French want the SALT II treaty to be observed by the Soviet Union and the United States and advocate East-West arms reduction to the lowest possible level. However, as the Soviet news agency TASS has pointed out, the fact that both the French and the Soviets agree in principle in their approaches to this problem "does not preclude the existence of a number of concrete differences."

In the three statements he made during his visit, Mitterrand stressed the importancce France attaches to its independence and its commitments to its Western allies. He made it clear to the Soviet leader that France is striving to keep its armed forces at the level needed to check enemy aggression, that its nuclear deterrent is the mainstay of the country's independence and security and that only the French can determine the level of its armed forces. As to the nuclear arms reduction, Mitterrand said, the French will cut back their nuclear arms only after the Soviet Union and the United States have taken similar action.

Mitterrand's statements can be regarded as a negative response tc the recent Soviet proposal for a "freeze" of French and British nuclear forces and a halt to nuclear tests. France has also refused to respond positively to a subsequent Soviet proposal for the reduction of conventional weapons and armies in Europe.

The Soviets have described their exchange of views with the French on regional conflicts as "beneficial and open", while Mitterrand endorsed the United Nations' efforts in calling for a halt to military conflicts in Kampuchea and Afghanistan. France respects these people's rights to self-determination and non-interference in their internal affairs, the French president said.

The two leaders expressed their wishes to increase cooperaton in the economic, scientific and technological, and cultural fields and in finding new forms of cooperation in trade, including joint efforts to reduce the large trade deficit France has with the Soviet Union.

Yet the meeting itself may have greater significance than any agreement they may have reached, observers here suggest. Regular contact with the Soviet Union is not only a reflection of France's independent foreign policy, but is beneficial to the Soviet Union, which has always tried to make use of the differences between the United States and its Western allies. In this sense, it can be said the leaders of the two countries in their meeting in Moscow have attained their respective objectives.

PRC MAKES FORMAL APPLICATION TO REJOIN CATT

OW120559 Beijing XINHUA in English 0531 GMT 12 Jul 86

[Text] Geneva, July 11 (XINHUA) -- China today applied to resume its contracting party status in the General Agreement on Tariffs and Trade (GATT), saying its participation will further the objectives of the body.

Qian Jiadong, representative of the Permanent Mission of the People's Republic of China to the United Nations office at Geneva, delivered an official application to GATT Director-General Arthur Dunkel. The document said, "The government of The People's Republic of China, recalling the fact that China was one of the original contracting parties to the GATT, has decided to seek the resumption of its status as a contracting party to the organization."

The government said China is prepared to enter into negotiations on its participation in GATT, an international organization on multilateral trade policy aimed at substantially reducing tariffs and other trade barriers through negotiations.

According to the procedures of the general agreement, all the members will be soon informed about the application and the organization will set up a working group to review it after China reports its economic and trade system.

China's participation will further the objectives of the organization, the application said, adding that China's ongoing economic reform will contribute to the expansion of economic and trade relations with the contracting parties. The application said, "China is a developing country, the Chinese Government expects to receive treatment equivalent to that accorded to other developing contracting parties."

More than 90 countries and regions are members of GATT, which was established in 1948.

RENMIN RIBAO ANSWERS READER'S QUERY ON GATT

HK141013 Beijing RENMIN RIBAO in Chinese 12 Jul 86 p 7

["Answers to Readers" column: "The General Agreement on Tariffs and Trade"]

[Excerpts] Question: It was reported that China will soon apply to resume its contracting party status in the General Agreement on Tariffs and Trade [GATT]. What is all this about, and what is GATT?

Answer: The General Agreement on Tariffs and Trade is an international organization on multilateral trade and tariffs policies. Its basic purpose is to reduce tariffs and other trade barriers and to promote free trade through unconditional and multilateral most-favored-nation treatment, so as to make full use of world resources and expand commodity production and exchange. The GATT, the IMF, and the World Bank have been the three pillars of the capitalist economic system since the war. [passage omitted]

China is a founding member of the GATT. On 21 April 1948, the Chinese Government at that time signed a "Temporarily Applicable Protocol." On 21 May the same year, China became a contracting party to the GATT. Since the founding of new China, due to certain historical reasons, China's activity in this organization has been suspended for more than 30 years.

Since the mid-1970's, China has gradually established contacts with the GATT. In 1981, it sent observers for the first time to the international conference for negotiations over the textile trade agreement, which was held by the GATT. In January 1984, it signed the international agreement on textile trade. Since 1982, it has sent observers to several GATT contracting parties' meetings and the meetings of the GATT Council. At present, the volume of trade between China and other contracting parties to the GATT accounts for more than 85 percent of the total volume of import and export trade of our country. Over the past few years, we have been making preparations in various respects for resuming our contracting party status in the GATT. Now the preparatory work has been basically completed. The resumption of China's contracting party status in the GATT will not only be conducive to the further development of economic and trade relations between China and other contracting parties, but will also promote the expansion of the international multilateral trade system.

PRC RECEIVES 13 MORE SHIPBUILDING ORDERS

OW121116 Beijing XINHUA in English 0627 GMT 12 Jul 86

[Text] Beijing, July 12 (XINHUA) -- Dalian shipyard will build an 118,000 dwt oil tanker, the largest yet undertaken by China, for a Norwegian shipping company, the China State Shipping Corporation announced here today.

This is one of the 13 foreign ships ordered in the first half of this year. The rest include four 18,000-dwt multi-purpose vessels for the China-Poland Shipping Company, three 12,000-dwt container ships for Cuba and five 2,700-dwt freighters for Denmark.

These ships are valued at about 130 million U.S. dollars. The number of tonnage of the ships and the amount of money involved are equivalent to the whole of 1985.

The main engines for the ships will be manufactured by China with imported technology. The biggest is 8,895 horsepower.

Since 1978, the corporation has received orders to build 157 foreign vessels, totalling 1.59 million dwt. Nearly 900,000 dwt have already been delivered. China is now able to build ships up to any international standard and suitable for any navigation conditions, the corporation spokesman said.

U.S. BANKER SAYS PRC BECOMING ECONOMIC POWER

OW111954 Beijing XINHUA in English 1456 GMT 11 Jul 86

[Text] Guangzhou, July 11 (XINHUA) -- Samuel H. Armacost, president of the Bank of America, said here today that he was deeply impressed with China's economic development, adding that China is becoming an economic power. Speaking at a press conference here this afternoon, Armacost said that China's foreign trade has been growing constantly, with the volume of the U.S. -China trade reaching 8.8 billion U.S. dollars last year, a big increase over that of the previous year.

He predicted good prospects for trade between U.S. and China in the coming years. He said that his bank sets great store by its cooperation with China. He expressed willingness to promote economic and technical cooperation between the two countries and provide China with loans for its economic development.

Armacost described the recent adjustment of the exchange rate of the Chinese currency renminbi against foreign currencies as normal, because the increase or decrease in the value of a currency reflects the relationship between the said currency and trade.

The Bank of America has provided loans totaling 13 million U.S. dollars to enterprises in Guangdong Province since it opened an office in the provincial capital of Guangzhou in May of last year. It is planning to provide a 20-million-dollar loan to Chinese brewery in Zhaoqing.

HU YAOBANG, BRZEZINSKI DISCUSS TIES, ISSUES

OW140824 Beijing XINHUA in English 0813 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- General Secretary Hu Yaobang of the Chinese Communist Party Central Committee, met Z. Brzezinski, former assistant to the U.S. President for national security affairs. They exchanged views on issues of Sino-U.S. relations and international issues of common concern. Brzezinski arrived here yesterday at the invitation of the Chinese People's Institute of Foreign Affairs.

NPC VICE CHAIRMAN BRIEFS U.S. VISITORS ON XIZANG

OW030741 Beijing XINHUA in English 0652 GMT 3 Jul 86

[Text] Beijing July 3 (XINHUA) -- Bainqen Erdini Qoigyi Gyaincain, vice-chairman of the Standing Committee of the National People's Congress, met here today a U.S. congressional aides delegation headed by Gerald E Connolly.

The vice-chairman welcomed the delegation to visit China, Tibet in particular. He briefed the U.S. visitors on the history of Tibet and its progress over the past three decades and answered their questions.

The delegation, which arrived here June 30 for a two-week visit at the invitation of the Chinese People's Institute of Foreign Affairs, will visit Lhasa, capital of Tibet Autonomous Region, Chengdu, Guangzhou and Shenzhen.

REAGAN REITERATES SDI NOT BARGAINING CHIP

OW130022 Beijing XINHUA in English 2352 GMT 12 Jul 86

[Text] Washington, July 12 (XINHUA) -- U.S. President Ronald Reagan today reiterated his long-held stand that the Strategic Defense Initiative Program is "not a bargaining chip" in the arms control talks with the Soviet Union.

In a weekly radio speech, Reagan said that "when we talk about negotiations, let's be clear: our SDI research is not a bargaining chip. It is the number of offensive missiles that need to be reduced, not the effort to find a way to defend mankind against the threat of deadly missiles.

The President's reiteration came at a time when his administration is considering a reply to Moscow's latest arms control proposals put forward by Soviet negotiators at the last round of Geneva talks. The Soviet proposals called for substantial cuts in offensive nuclear weapons in exchange for a U.S. agreement not to withdraw from the 1972 Anti-Ballistic Missile Treaty which prohibits development, testing and deployment of space-based defense systems. The proposals were hailed by Reagan and other U.S. officials as a "serious effort" on the party of the Soviet Union, which could lead to "a turning point" in the arms control negotiations between the two superpowers.

It was reported earlier that the Reagan administration was considering an idea of a "grand compromise" in which deep cuts in offensive nuclear arsenals would be traded for a U.S. delay in the deployment of a "star wars" missile defense system. But the President's statement today indicated that he has not changed his mind on SDI.

Moscow has repeatedly stated that SDI is the main obstacle to both sides reaching an agreement of reducing offensive nuclear forces. It also said that a positive U.S. response to the latest Soviet arms control proposals is the key to setting a date for a second Reagan-Gorbachev summit meeting and a preparatory meeting between Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze.

Reagan said that a defense system like SDI "can protect us and our allies against incoming missiles." The program has accomplished much in three years since early 1983 when it was first announced, he added.

He appealed to the Congress not to cut funds for his cherished program. "It would be a tragedy to permit the budget pressures of today to destroy this vital research program and undercut our chances for a safer and more secure tomorrow," he argued. In late June, the House Armed Services Committee approved 3.4 billion U.S. dollars, instead of 5.4 billion as requested by the Reagan administration for the "stars wars" program in the fiscal year starting on October 1.

FURTHER REPORTAGE ON PRC-DPRK AMITY CELEBRATION

Deng Speaks on Modernization

OW141214 Tokyo KYODO in English 1202 GMT 14 Jul 86

[Text] Beijing, July 14 KYODO - China's senior leader Deng Xiaoping Monday disclosed that China would delay the schedule for achieving the goals for current modernization from the original target of the end of this century to 2030-2050. Under the two-stage modified modernization program, China plans to boost the national gross income to 1 trillion dollars and per-capita annual income to 800-1,000 dollars in the first stage by the end of this century, Deng said.

China will achieve the goals for the four-point modernization policy and catch up with the advanced nations' level between 2030-2050 in the second stage of the program, he said. China had originally set the target for the achievements at the end of this century.

Deng, chairman of the party Central Advosory Commission, made the disclosure when he met a North Korean delegation led by Yi Chong-ok, vice president and a Politburo member of the Korea Workers (communist) Party. Deng told the North Korean guests that China's economic reforms would be accompanied by reforms in the political structure as well. Whether the current seventh economic program for 1986-90 will succeed will give a vital effect on the future economic construction, Deng was quoted as telling them.

Yi told Deng what impressed him the most strongly during his current China visit is that many young people are playing their leading roles very well in many enterprises. Deng said both China and North Korea are paying much attention to recruite more young leaders.

In addition to Beijing, Yi and his group visited only Shanghai. This contrasted with North Korean leaders' visits to the Shenzhen special economic zone in southern China during their Beijing tours in recent years.

They included party secretary Kim Chong-il, President Kim Il-song's son believed to be his future succesor, who visited here in 1983, Foreign Minister Kim Yong-nam in February 1984 and Prime Minister Kang Song-san in August 1984.

Wan Li Attends DPRK Banquet

OW141358 Beijing XINHUA in English 1341 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- Yi Chong-ok, vice-president of the Democratic People's Republic of Korea (DPRK), said here today that the celebrations held by China for the 25th anniversary of the Korea-China Treaty of Friendship, Cooperation and Mutual Assistance gave active support to the Korean revolutionary cause. "This is also another powerful demonstration of the unbreakable friendship and solidarity between the two parties and two peoples of Korea and China," he said.

Speaking at a return banquet he hosted here this evening, Yi said he had had a pleasant stay in China and was deeply impressed by the achievements made by the Chinese people in their socialist revolution and construction.

The vice-president paid tribute to the Chinese people for their support for the Korean people in their socialist construction and their just struggle for the independent and peaceful reunification of their fatherland. "Such support is very valuable and is a great encouragement to our people," he added.

Yi, who is also a member of the Political Bureau of the Central Committee of the Workers Party of Korea, said the Korean people will, as always, do their utmost to observe their commitment laid down in the Korea-China Treaty of Friendship, Cooperation and Mutual Assistance.

Wan Li, Chinese acting premer, said that in the previous few days Yi Chong-ok and Chinese leaders had reviewed satisfactorily the development of friendly cooperation in all fields between the two countries since the signing of the China-Korea treaty 25 years ago. They were looking forward with full confidence, he added, to expanding the cooperation between the two countries in the future. "Practice has proved, and will continue to prove, that the Sino-Korean friendly relations and cooperation, which have a solid foundation, will develop further and produce more fruitful results despite any changes in the international situation," Wan said.

Wan, also a member of the Political Bureau and Secretariat of the Chinese Communist Party Central Committee, said the Chinese party, government and people will, under new historical conditions, continue to follow the basic spirit of the China-Korea Treaty of Friendship, Cooperation and Mutual Assistance, and try their best to consolidate and develop the fraternal and friendly relations, and cooperation between the two countries.

"The Chinese people will forever be trustworthy comrades-in-arms to the Korean people in their socialist construction and in their struggle for the independent and peaceful reunification of their fatherland," the Chinese acting premier pledged. Wan said that though the delegation's visit was a short one, it had made active contributions to the growth of Sino-Korean friendship.

Also present at the banquet were Chinese party and government leaders Xi Zhongxun, Qiao Shi, Wu Xueqian and Chen Pixian. The Korean delegation is scheduled to leave here for home tomorrow.

Tian Jiyun Addresses Banquet

OW141850 Beijing XINHUA Domestic Service in Chinese 1445 GMT 13 Jul 86

[Excerpt] Pyongyang, 13 Jul (XINHUA) -- Chinese Ambassador to Korea Zong Kewen gave a banquet at the embassy this evening to celebrate the 25th anniversary of the signing of the China-Korea Treaty of Friendship, Cooperation, and Mutual Assistance, and to thank the warm hospitality accorded by the Workers Party of Korea [WPK] and the government to the Chinese party and the government delegation. Korean party and government leaders Yon Hyong-muk, Kye Ung-tae, Chon Chun-ki, and Kang Hui-won attended the banquet.

Chinese Vice Premier Tian Jiyun, leader of the Chinese party and government delegation, was the first to speak at the banquet. He described the current visit by the Chinese party and government delegation as very successful. The friendly feelings towards the Chinese people, expressed by the Korean people in various ways, have further convinced comrades of the Chinese delegation that the great friendship cemented with blood between the Chinese and the Korean people is rooted deeply in their hearts and is invincible.

Then Kye Ung-tae, candidate member of the Political Baureau and secretary of the Secretariat of the WPK Central Committee, spoke. He said: With the joy of receiving their own kinsmen, the Korean people warmly welcome the goodwill messengers from the fraternal Chinese people, who have come to deepen the friendship between the Korean and the Chinese people.

He asked the Chinese party and government delegation to convey to the Chinese people the Korean people's intention to continue to consolidate and develop relations between the two countries and to struggle together with the Chinese people in accordance with the Korea-China Treaty of Friendship, Cooperation, and Mutual Assistance.

A 50,000-strong mass rally was held in Korea's Nampo City this morning to welcome the Chinese party and government delegation and celebrate the 25th treaty anniversary. [passage omitted]

Tian Delegation Concludes Visit

OW141128 Beijing XINHUA in English 1110 GMT 14 Jul 86

[Text] Pyongyang, July 14 (XINHUA) -- A Chinese party and state delegation left for home today after a five-day visit to the Democratic People's Republic of Korea.

The delegation, led by Tian Jiyun, member of the Political Bureau of the Central Committee of the Communist Party of China and vice premier of the State Council, arrived in Pyongyang July 10 to celebrate the 25th anniversary of the signing of the Treaty of Friendship, Cooperation and Mutual Assistance between China and Korea.

In a letter of thanks to Korean President Kim Il-song, Tian said the visit and the celebration will further enhance friendship and cooperation between the countries.

Sino-Korean Friendship Lauded

HK140229 Beijing RENMIN RIBAO in Chinese 11 Jul 86 p 7

[Commentary by correspondent Xu Baokang: "Well-Established and Vigorously Developing Friendly Cooperation"]

[Text] The peoples of China and Korea will never forget that China and Korea in the political, economic, cultural, scientific, and technological fields have continuously developed and borne fruitful results. Leaders of the two countries have contacted each other frequently like calling on relatives. The frequent meetings and exchange of visits between the leaders of the two countries in recent years have particularly promoted their relations to a new stage. The profound friendship between the Chinese and Korean parties and leaders of the two countries, fully manifesting the common aspirations of the peoples of the two countries, are the best guarantee for handing down Sino-Korean friendship from generation to generation.

Over the past 25 years or so, economic cooperation between the two countries has developed steadily and the volume of trade has doubled and redoubled. The rapid development of border trade between the two countries in recent years has represented a scene of prosperity. [paragraph continues]

The Shuifeng and Yunfeng power stations, known as "pearls of the Yalu Jiang," are miniatures of Sino-Korean friendly cooperation. The two power stations generated more than 120 billion kilowatt-hours of electricity by the end of 1984. Powerful current has been transmitted in a steady flow to the cities and countryside of the two countries, which has vigorously promoted construction on both sides. Now, the construction of the Weiyuan and Taipingwan power stations is under way. These two stations will be put into operation very soon.

In order to support Korea's construction, China's experts and technical personnel have rushed to various construction sites in turn. The Korean party and government have highly praised them for their hard work in Korea and have commended them on several occasions. Scientific and technological cooperation and exchanges have accelerated the development of economic construction in the two countries.

Pyongyang is a beautiful city. The clusters of buildings, which harmonize national features with modern buildings, present a magnificent sight. China's architecture and design delegation visited Korea and gained a lot of valuable experience for reference.

Cooperation and exchanges between the two countries in cultural and educational fields have also developed rapidly. Beijing University, Qinghua University, and other well-known Chinese institutions of higher learning have established friendly relations in cooperation and exchanges with Kim Il Song University, Kim Chaek Engineering University, and other Korean universities. So far, China has around 200 students studying in Korea. In 1985, the number of exchange visits between the cultural, educational, and sports delegations of the two countries totaled over 80.

With the development of friendly cooperation between the two countries, Shanghai and Hamheung, Korea's "industrial metropolis," became friendly cities. China's Jiangsu, Shandong, and Sichuan also established relations of friendly cooperation with Korea's Kangwon, South Hwanghae, and South Pyongan.

Although time passes by, the fraternal friendship between the peoples of the two countries will remain forever. The fruitful results of Sino-Korean friendship today indicate that there are bright prospect for the future.

DPRK RENEWS CALL FOR TRIPARTITE MILITARY TALKS

OW120650 Beijing XINHUA in English 0621 GMT 12 Jul 86

[Text] Pyongyang, July 11 (XINHUA) -- The Democratic People's Republic of Korea (DPRK) today renewed its call for military talks between the U.N. forces and the two parts of Korea, the KOREAN CENTRAL NEWS AGENCY reported today. The DPRK today broadcast two letters by O Chin-u, minister of People's Armed Forces, sent on June 9 to William J. Livesey, Commander of the U.N. Forces and Yi Ki-paek, South Korean defense minister, which proposed talks between the military authorities. The proposal was refused. The refusal to the call showed that the U.N. forces and South Korean military authorities do not want detente and peace on the Korean peninsula, the report said.

The agency quoted O Chin-u as saying that the danger of war on the peninsula is due to the presence of U.S. forces, so the United States is one of the parties responsible for easing tension in Korea. O Chin-u said tripartite military talks are "the best way" to relax tension on the peninsula and expressed his hope for a positive answer to the call.

JAPAN MAY BUY U.S. NUCLEAR SUBS IN 5 YEARS

OW141006 Beijing XINHUA in English 0943 GMT 14 Jul 86

[Text] Tokyo, July 14 (XINHUA) -- In five years time Japan may purchase nuclear-powered submarines from the United States in a bid to adapt itself to modern sea warfare, the MAINICHI SHIMBUN newspaper reported today. The Japan Maritime Self-Defense Force (MDF), which is studying a newly-designed defense program to be implemented in 1991, has held unofficial exploratory talks with the U.S. Navy on the issue.

Japan, which now has 14 diesel-powered submarines, also plans to build an additional two diesel-powered subs during the 5-year defense program. However, in view of the fact that most subs now operating around Japan are nuclear-powered, and the United States and the Soviet Union regard the Sea of Japan as the "corridor of nuclear submarines", the MDF believes that ordinary submarines, with their low speed and small operating radius, will not enable Japan to adapt itself to future modern wars.

Neverthless, disagreements exist within the Japanese Defense Agency and the MDF, with critics saying that it is "still too early" to import U.S. nuclear-powered submarines. The newspaper suggested that the MDF plan will also evoke anger and opposition from the Japanese people who have refused to allow U.S. nuclear submarines to enter Japanese ports.

BANK OF CHINA TO OPEN OVERSEAS BRANCH IN TOKYO

OW141306 Beijing XINHUA in English 1226 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- The Tokyo branch of the Bank of China will open for business with the approval of the Japanese Government July 18, bringing the number of overseas branches of the bank to eight. The State Foreign Exchange Bank used to have a representative office in Tokyo.

The new branch is entitled to handle all business operations available to the Japanese foreign exchange banks, including settlement of imports and exports, negotiation of shipping documents, receiving deposits and issuing loans, discount of bills, international remittance, encashment of foreign currency and bills in foreign currency, bill collection, external guarantee, interbank deposits, and buying and selling of foreign exchange.

The bank also has branches in New York, London, Paris, Luxembourg, Singapore, Sydney, and Hong Kong.

BALLET DANCER RECEIVES SPECIAL PRIZE IN JAPAN

OW141308 Beijing XINHUA in English 1228 GMT 14 Jul 86

[Text] Tokyo, July 14 (XINHUA) -- Chinese ballet dancer Yiu Qingguo received a special prize for his performance Sunday in a ballet show of traditional and new dances. The concert was sponsored by the Japan Ballet Association.

Yiu, 26, was the first Chinese invited to take part in the 18th national ballet show, in which more than 200 Japanese ballet performers attended. After watching Yiu's performance, the association decided to honor him with the award. Yiu also visited Japan in June and November at the invitation of two Japanese ballet troupes.

PRC OFFERS CONDOLENCES TO SRV ON LE DUAN'S DEATH

HK120852 Hong Kong AFP in English 0821 GMT 12 Jul 86

[Text] Beijing, July 12 (AFP) -- China said Saturday it would extend "condolences" to Vietnam on the death of Communist Party chief Le Duan in a cool announcement that analysts said highlighted Beijing's estrangement from Hanoi.

"China has diplomatic relations with Vietnam. According to international practice, we express our condolences on the passing away of the Vietnamese leader," a Foreign Ministry spokesman said in a prepared statement released to reporters.

"The Standing Committee of the National People's Congress of China has sent a message of condolences of the State Council of Vietnam," the spokesman said.

Analysts said the statement's phrasing implicitly stressed the absence of party-to-party ties between Beijing and Hanoi and thus highlighted the continued hostility between the two former allies.

China and Vietnam have engaged in regular artillery exchanges along their common border since 1979, when China attacked Vietnam to "teach it a lesson" after Vietnamese troops rolled into Cambodia, ousting the pro-Beijing Khmer Rouge.

China is the main backer of a Cambodian resistance coalition fighting Vietnamese troops in Cambodia and the Hanoi-backed Phnom Penh government of Heng Samrin.

Yan Jici Expresses Condolences

OW140956 Beijing XINHUA in English 0941 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- Yan Jici, vice-chairman of the Standing Committee of China's National People's Congress, and leading officials of the departments concerned went to the Vietnamese Embassy here this afternoon to express condolences on the death of Le Duan, general secretary of the Central Committee of the Communist Party of Vietnam.

Le died at the age of 79 on July 10. Wreaths were presented by the Standing Committee of the National People's Congress and the Ministry of Foreign Affairs.

TRUONG CHINH ELECTED CPV GENERAL SECRETARY

OW141220 Beijing XINHUA in English 1216 GMT 14 Jul 86

[Text] Hanoi, July 14 (XINHUA) -- Truong Chinh, chairman of Vietnam's State Council, was elected General Secretary of the Vietnamese Communist Party at an extraordinary meeting of the Central Committee today, Radio Hanoi reported.

Truong, 79, joined the party in 1930.

He assumed the post of Secretary-General of the party from 1941 to 1956. He was Vice Premier between 1958 and 1960. From 1960 to July 1981 he was chairman of the Standing Committee of the National Assembly. Since July, 1981, he has been chairman of the State Council.

He was in charge of the funeral committee for General Secretary Le Duan who died July 10.

HONG KONG MAGAZINE REVIEWS CAMBODIAN RESISTANCE

OW131434 Beijing XINHUA in English 1334 GMT 13 Jul 86

["Kampuchean Resistance Forces Defy Vietnamese Attempts To Close Border, Magazine Says" -- XINHUA headline]

[Text] Hong Kong, July 13 (XINHUA) -- A small patrol of Kampuchean resistance forces can move relatively freely through large swaths of the Kampuchean heartland, defying Vietnamese attempts to close the Kampuchean-Thai border.

This is the conclusion of Ken Guest, a London-based feeelance photographer and veteran of several Asian wars, who accompanied a guerrilla group of the Sihanouk Nationalist Army as it penetrated the Tonle Sap Lake area, deep in Kampuchea, from the northwest. Guest's report "Mission Into Kampuchea" was published today by the Hong Kong-based "ASIA WEEK" magazine.

The magazine said the seizure of major resistance bases near the Kampuchean-Thai border by Vietnam in 1984-1985 ushered in "a new era of Cambodian guerrilla warfare," forcing the three factions of the Democratic Kampuchean Coalition Government to take the war into the country's interior.

Guest said the month-long mission of the Sihanouk patrol "to drum up support for the resistance among the rural population and to seek targets of opportunity" discovered that "in more and more instances the local population was the resistance." "The resistance groups also seem to be cooperating more than in the past. Sihanoukists are met by local Khmer Rouge (one of the three resistance movements in Kampuchea) commanders who advise about planned actions," the report said. It said the Sihanouk patrol often adjusted its routes to avoid the selected-area shelling, which is a common Vietnamese response to attack.

It also confirmed close coordination between the National Army of Democratic Kampuchea and the Khmer People's National Liberation Armed Forces units in confronting an 8,000-strong Vietnamese force attempting to pincer the resistance concentration in the Tonle Sap zone, part of Kampuchea's most militarized region.

"Hen Samrin troops (of the Vietnamese-installed Phnom Penh regime) do not relish fighting, and some are actively aiding the resistance. The Heng Samrin side is also suffering from desertions," Guest's report in "ASIA WEEK" quoted sources of the Sihanouk patrol as saying.

Guest has covered wars in Lebanon, Afghanistan and the Iran-Iraq war. He has also reported from Kampuchean battlefields. "ASIA WEEK" published several photographs of the patrol's infiltration, providing a rare glimpse of life and operations of the Kampuchean resistance forces behind enemy lines.

BURMESE GOVERNMENT DELEGATION VISITS BEIJING

Chen Muhua Hosts Luncheon

OW110934 Beijing XINHUA in English 0751 GMT 11 Jul 86

[Text] Beijing, July 11 (XINHUA) -- Chen Muhua, state councillor and governor of the People's Bank of China, met and gave a luncheon for a Burmese Government delegation headed by U Tint Swe, minister of the first industry, at the Beijing Hotel here today.

This is the second meeting between Chen and U Tint Swe. When Presidet Li Xiannian, accompanied by Chen Muhua, visited Burma in March last year, Minister U Tint Swe served as chairman of the Burmese Government reception committee.

Extending her warm welcome to U Tint Swe who is on his third visit to China, Chen said she hoped to see a constant growth of cooperation between the two countries in industrial and financial fields. Present on the occasion were Minister of Textile Industry Wu Wenying and Burmese Ambassador to China U Tin Maung Myint.

Meets With Wan Li

OW121022 Beijing XINHUA in English 1005 GMT 12 Jul 86

[Text] Beijing, July 12 (XINHUA) -- Chinese Acting Premier Wan Li met a Burmese Government delegation headed by minister of no. 1 industry U Tint Swe here this afternoon. Wan extended his warm welcome to the delegation on behalf of the Chinese Government. He said that China and Burma are good neighbouring countries and the exchange of visits by their government leaders has enhanced their friendship.

Noting that China and Burma, both developing countries, are seeking ways of developing their countries at faster speed, he said that this requires them to further strengthen their economic and technological cooperation and exchanges in other fields on the basis of mutual benefit.

U Ting Swe said the frequent exchange of visits by leaders of the two countries indicated the very good bilateral relations and cooperation. He told Wan Li that before he came to China he was received by President U San Yu and asked to convey the Burmese leader's greetings to President Li Xiannian and other Chinese leaders and thanks to China for its economic aid to Burma.

Wan Li also asked U Tint Swe to convey the best regards to President U San Yu from President Li Xiannian and Chairman Deng Yingchao of the National Committee of the Chinese People's Political Consultative Conference, who had visited Burma.

Earlier today Hao Jianxiu, member of the Secretariat of the Chinese Communist Party Central Committee, met U Tint Swe and his party in the Great Hall of the People. During the meeting, they briefed each other on the economic development of their respective countries. They also hoped that bilateral cooperation in textile industry would increase further.

Hosts Return Banquet

OW121728 Beijing XINHUA in English 1432 GMT 12 Jul 86

[Text] Beijing, July 12 (XINHUA) -- U Tint Swe, visiting Burmese minister of no. 1 industry and head of a Burmese Government delegation, gave a return banquet here this evening.

Hao Jianxiu, member of the Secretariat of the Chinese Communist Party Central Committee, and Wu Wenying, Chinese minister of textile industry, attended the banquet.

Speaking at the banquet, U Ting Swe and Wu Wenying agreed that the talks between the Burmese delegation and Chinese departments were fruitful. They also expressed the wish for further growth of the Sino-Burmese friendship and cooperation. The Burmese delegation will leave here tomorrow to tour Changzhou, Shanghai, Guangzhou and Shenzhen in southern China.

CHINA BECOMES BIGGEST BUYER OF THAI RICE

OW141944 Beijing XINHUA in English 1553 GMT 14 Jul 86

[Text] Bangkok, July 14 (XINHUA) -- In the first six months of this year, China became the largest buyer of Thai rice, according to local press reports. China bought 232,683 tons of Thai rice: 200,058 tons from the government and 32,625 tons from private exporters.

Brazil bought 204,750 tons of Thai rice in the first five months of this year. But having made no purchases in June, Brazil fell to the second largest buyer in the first half of 1986.

The Soviet Union retains third place, buying 154,438 tons of Thai rice in the period, with Saudi Arabia in fourth with 126,081 tons, and Singapore in the fifth spot with 125,810 tons.

ULANHU, SIHANOUK WATCH DK DANCERS IN BEIJING

OW141557 Beijing XINHUA in English 1539 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- A troupe of performing artists from Democratic Kampuchea, led by Prince Sihamoni, son of Democratic Kampuchean President Samdech Norodom Sihanouk, entertained a Beijing audience here this evening with colorful Kampuchean dances. Sihamoni, a teacher at a dance school in Paris, created or revised most of the items staged this evening at the Nationalities' Cultural Palace. He combined ancient Cambodian dances with Western dance techniques to produce elegant effects.

The dance, "My Beloved Second Motherland", choreographed and performed by Sihamoni and with music composed by his father, won warm applause from the audience which included Chinese Vice-President Ulanhu, Vice-Chairman of the National People's Congress Standing Committee Chu Tunan, and Norodom Sihanouk and his wife. Chinese artists also took part in the performance.

The art troupe is mainly composed of exiled Kampuchean youth in France. The troupe came here at the invitation of the Chinese Ministry of Culture and will also give performances in the Chinese cities of Xian and Kunming.

ZHAO ZIYANG CONTINUES VISIT TO EUROPE, AFRICA

Begins 4-Day Spain Visit

OW141024 Beijing XINHUA in English 1003 GMT 14 Jul 86

[Text] Madrid, July 14 (XINHUA) -- Chinese Premier Zhao Ziyang arrived here at 11:30 a.m. today on a four-day official goodwill visit to Spain. The premier's first visit ever to Spain adds to a series of top-level visits exchanged between leaders of the two countries since 1973 when China and Spain normalized their relation.

King Juan Carlos I visited China in 1978 and Chinese President Li Xiannian paid a return visit to Spain in 1984. Spanish Prime Minister Felipe Gonzalez visited China last September.

Premier Zhao is now on a six-nation tour, which has already taken him to Romania, Yugoslavia and Greece. He will also visit Turkey and Tunisia.

Issues Arrival Statement

OW141116 Beijing XINHUA in English 1104 GMT 14 Jul 86

[Text] Madrid, July 14 (XINHUA) -- The concern for world peace and common aspirations for developing economic relations link China and Spain together, Chinese Premier Zhao Ziyang said here today in a statement released at the airport.

The Chinese premier arrived here at 11:30 this morning from the island of Crete, Greece, for a four-day official goodwill visit to Spain at the invitation of Spanish Prime Minister Felipe Gonzalez.

Premier Zhao said in the statement that he had come with the purpose of deepening friendship and understanding and promoting mutually beneficial cooperation and maintaining world peace. "I hope I shall have an opportunity to see for myself something of your ancient civilization and new achievements in your modernization drive, to get to know the life of the Spanish people and to meet personages from all walks of life," Zhao said.

Spanish Chief of Protocol of State Martinez Correcher met the Chinese premier at the airport. Present at the airport were also Chinese Ambassador to Spain Cao Yuanxin, other diplomats and staff members of the Chinese embassy, as well as Chinese residents here.

Premier Zhao is expected to be given a welcome ceremony at the Moncloa Palace by Prime Minister Gonzalez and to have a meeting and talks with his Spanish counterpart this evening before attending a banquet in his honour.

Premier Zhao is now on a six-nation tour, which has already taken him to Romania, Yugoslavia and Greece. He will also visit Turkey and Tunisia.

Welcomed by Spanish Premier

OW142346 Beijing XINHUA in English 2334 GMT 14 Jul 86

[Text] Madrid, July 14 (XINHUA) -- Chinese Premier Zhao Ziyang was given a grand welcome by Prime Minister of Spain Felipe Gonzalez at Moncloa Palace here this evening.

Premier Zhao arrived here by special plane at noontime for a four-day official visit to Spain, the first ever to be paid by a Chinese Premier to this south European country.

Prime Minister Felipe Gonzalez gave Zhao a warm handshake. After the playing of the national anthems of both countries. Premier Zhao reviewed a guard of honour accompanied by his Spanish counterpart. After the ceremony, which took about ten minutes, the two leaders had a private meeting before they proceed to the first round of official talks. Prime Minister Gonzalez is expected to host a dinner in honour of Zhao right after the talks.

The Chinese Premier is paying a return visit to Sapin at the invitation of Felipe Gonzalez, who visited China last September. In 1984, President of the People's Republic of China Li Xiannian paid a state visit to Spain in return for the China visit by Spanish King Juan Carlos I and Queen Sofia in 1978.

China and Spain established diplomatic relations in 1973.

Holds Talks With Counterpart

OW140013 Beijing XINHUA in English 2354 GMT 14 Jul 86

[Text] Madrid, July 14 (XINHUA) -- Chinese Premier Zhao Ziyang assured his Spanish counter-part this evening that to develop economic and technological cooperation and trade relations with Spain is the unshakable policy of the Chinese Government.

Zhao, who arrived here at noontime today, had a restricted session of talks with Prime Minister Felip Gonzalez this evening, which lasted about two hours, before he attended a banquet hosted by the latter.

A Chinese Foreign Ministry official told the press that during their talks Zhao and Gonzalez briefed each other on the political and economic progress each country has made since the Spanish prime minister visited China last September. They also exchanged views on the new developments of the international situation and reached a broad identity of similarity of views on the issues they discussed, the official said.

Gonzalez was quoted as saying that he was fully confident of the prospect of increasingly closer Spanish-Chinese friendly cooperation in future.

The Chinese premier is in Spain on the fourth leg of his Balkan-Mediterranean tour, paying a return visit to the China tour by the Spanish prime minister.

Zhao in the talks this evening described the China visit by Gonzalez as "having given a vigorous impetus to the growth of links between the two countries in various fields." He said he appreciated Gonzalez's personal enthusiastic efforts in reinforcing these links.

Premier Zhao also thanked the Spanish Government for extending loans to China on favorable terms.

The talks were attended on the Chinese side by Vice Foreign Minister Qian Qichen and Ambassador Cao Yuanzxin and on the Spanish side by Foreign Minister Francisco Fernandez-Ordonez and Ambassador to China Mariano Ucelay de Montero.

Meanwhile, Chinese Minister in charge of the State Economic Commission Lu Dong met Spanish economy, finance and trade minister Carlos Solchaga when they discuss economic and trade issues between the two countries.

Spanish Premier Hosts Banquet

OW150030 Beijing XINHUA in English 0013 GMT 15 Jul 86

[Text] Madrid, July 14 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang today committed himself to bringing Sino-Spanish relations of friendship and cooperation a big step forward and making them more fruitful. He made the statement at a banquet given in his honor here this evening by Spanish Prime Minister Felipe Gonzalez Marquez.

Premier Zhao flew in here this morning after a tour of the Greek island of Crete on an official visit to Spain at the invitation of the Spanish Prime Minister. This is the fourth leg of his Balkan-Mediterranean tour.

Premier Zhao reassured the Spanish prime minister of China's commitment to developing a long-term, stable relationship of friendship and cooperation, which he described as "having developed smoothly and steadily" since the two countries established diplomatic relations in 1973.

In 1984, Chinese President Li Xiannian visited Spain and the following year, Spanish Prime Minister Gonzalez paid a successful visit to China. This has given a great impetus to the development of Sino-Spanish relations, the Chinese premier said.

Two-way trade between the two countries last year doubled from 1984 and progress was also made in economic and technical cooperation between the two countries, he noted. Premier Zhao predicted that bilateral economic cooperation would be further expanded in both scope and scale as the economies of the two countries grew. "It is inevitable for the two countries to meet temporary difficulties of one kind or another in the course of their cooperation," he stressed. "But so long as we approach and handle problems from a long-term point of view and constantly open up new avenues, the areas for cooperation are sure to be increased continuously,"

He expressed his appreciation of the Spanish prime minister's foresight and the sagacity he displayed in personally promoting the development of the relations of friendship and cooperation between the two countries. He said it was his hope that the existing good relations between the two countries would make a big stride forward and become more fruitful.

Prior to the banquet, the Chinese premier was warmly welcomed at a grand ceremony at the Moncloa Palace, the Spanish prime minister's official residence, which was followed by official talks between the two prime ministers.

Gonzalez Speaks at Banquet

OW150058 Beijing XINHUA in English 0036 GMT 15 Jul 86

[Text] Madrid, July 14 (XINHUA) -- Spanish Prime Minister Felipe Gonzalez Marquez reaffirmed his confidence today in the future of bilateral cooperation between Spain and China. Speaking at a banquet he gave in honor of visiting Chinese Premier Zhao Ziyang here this evening, he said he would work determinedly and pragmatically together with his Chinese counterpart to promote the bilateral cooperation in the interests of the Spanish and Chinese people.

Premier Zhao arrived here this morning on an official visit to Spain at the invitation of Prime Minister Gonzalez. This is the fourth leg of his Balkan-Mediterranean tour.

Prior to the banquet, the Spanish prime minister gave an official welcoming ceremony at the Moncloa Palace, the prime minister's official residence, and held talks with the Chinese premier.

In his toast, the Spanish prime minister described the relations of friendship and cooperation between China and Spain as "growing and maturing." "We should explore ambitiously and pragmatically into the potential of such relations to see what we can do and what we should expect of them so that neither side would be disappointed," Gonzalez said.

Since the normalization of relations between the two countries in 1973, the relations between Spain and China have grown harmoniously with major progress made in all fields of endeavour although unevenly, he noted. The two countries have had no frictions or political disputes, he continued. They have identical or similar views on many international issues and exchange of visits and materials have made it possible to realize a qualitative leap in the bilateral relations.

He said that Spain, with a wide range of technology of advanced or intermediate level, is willing and in a position to contribute to China's modernization efforts, which, he said, the whole world is closely watching with interest and respect. He expressed the hope that the Chinese people's just aspirations would be materialized under the conditions of peace, harmony and respect for human dignity and freedom.

Premiers Pledge Cooperation

OW150104 Beijing XINHUA in English 0050 GMT 15 Jul 86

[Text] Madrid, July 14 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang and his Spanish counterpart Fellipe Gonzalez Marquez tonight pledged to better relations between the two countries and work together for a lasting world peace.

Speaking at a banquet in honor of Zhao, who arrived here this morning from Greece for a four-day official visit, the Spanish prime minister expressed satisfaction with China's efforts to strengthen its ties with Western Europe and Latin America.

Gonzalez said that he is very glad to see that the two countries have identical views on many international issues such as detente, arms race, the situation in southern Africa, Afghanistan and Kampuchea.

As a full member of the European Economic Community, he noted, Spain will help solve the problems in developing countries. Spain is willing to conduct a dialogue with East European countries, he added.

In reply, Premier Zhao paid high tribute to the Spanish people, who have contributed greatly to human progress. He pointed out that world stability is threatened by arms race, South-North imbalance and the spread of regional conflicts. But, China is not pessimistic about the future of the world and the destiny of mankind, he said.

"Factors to safeguard world peace and prevent the outbreak of a war are increasing," Zhao said, adding, "more and more countries and people are determined to hold their destinies in their own hands and are waging resolute struggles to stop arms race and prevent a nuclear war".

He said that China will not form allies with any superpower or participating in arms race. "Though China's military expenditure and armament remain at a far lower level than those in other big countries," he said, "it has resolutely cut its military expenditure and the number of military personnel."

Reiterating that China is for a total ban on the use of nuclear weapons and their thorough destruction, Zhao expressed appreciation of the efforts by Spain and other West European countries to promote disarmament between the Soviet Union and the United States. Zhao said, "All countries, big or small, strong or weak, rich or poor, have a say and all have a useful role to play in safeguarding peace".

XINHUA INTERVIEWS TURKISH PRIME MINISTER

OW142352 Beijing XINHUA in English 2337 GMT 14 Jul 86

[Text] Ankara, July 14 (XINHUA) -- Turkish Prime Minister Turgut Ozal said today that the relations between Turkey and China are growing fast and the two countries share common views over many international issues. In an exclusive interview with XINHUA on the eve of Chinese Premier Zhao Ziyang's visit to Turkey scheduled for July 17, Ozal said he attached great impotance to Zhao's visit, the first by a Chinese premier since the establishment of diplomatic relations in 1971 between the two countries.

It will provide an opportunity for Chinese and Turkish leaders to learn from each other the experiences achieved especially in the economic development of both countries, he added. He expressed his hope that Turkey's trade with China would increase to 500 million U.S. dollars this year from 100 million dollars in 1985.

He said he would discuss with the Chinese premier on ways of increasing trade and promoting cooperation in bidding building contracts in other countries.

On Turkey's foreign policy, Ozal said Turkey pursues actively a peaceful foreign policy and sincerely hoes to have friendly relations with all neighbouring countries and to settle disputes with neighbours through dialogues.

OFFICIAL SAYS TYPHOON KILLED 'AT LEAST 57'

HK141016 Hong Kong AFP in English 1009 GMT 14 Jul 86

[Text] Beijing, July 14 (AFP) -- Typhoon Peggy was responsible for at least 57 deaths in China and over 800 injuries, Chinese officials said.

A Civil Affairs Ministry official told AGENCE FRANCE-PRESSE Monday that "Typhoon Number Seven" as Peggy was known here killed 21 people in the southern province of Guangdong and five in neighboring Fujian. A further 297 people were injured.

Chinese emergency relief officials said over the weekend that a tornado spawned by the typhoon killed at least 31 people and injured 552 in outlying districts of Shanghai.

Meanwhile, a newspaper in Hong Kong reported Monday that Typhoon Peggy had left more than 60 people dead and 680 injured in Guangdong Province alone.

(More than 30 Guangdong cities and counties were hit by the Typhoon, causing total losses estimated at over 600 million yuan (about 162 million U.S. dollars), Hong Kong leftwing newspapers TA KUNG PAO and WEN WEI PO reported.)

An evening newspaper in the southern city of Canton, the YANCHENG WANBAO, said Monday that the typhoon killed 31 people and injured 132 in Fengchun District alone, 14 in the collapse of a secondary school.

The Civil Affairs Ministry official said Monday that nine districts in Fujian Province and the city of Zhangzhou were hit by the typhoon, causing a still unknown number of injuries.

The official said 10,000 hectares (24,700 acres) of rice paddy were destroyed in Fujian Province and 390,000 hectares (960,000 acres) in Guangdong Province.

Some 12,000 homes were destroyed and another 100,000 damaged, the official said, adding that 682 bridges were wiped out and 4,000 kilometers (2,480 miles) of electrical lines downed in Guangdong Province.

In the city of Shantou, 30,000 people were stranded by flood waters, the official said, adding that the government had allocated three million yuan (810,000 U.S. dollars) to the province for emergency relief.

(Earlier in its course, Typhoon Peggy left 95 people dead or missing in the Philippines and damaged 89.3 million pesos (4.49 million U.S. dollars) worth of property in northern and central Luzon, according to official figures.)

RENMIN RIBAO URGES MASS PARTICIPATION IN REFORM

HK130635 Beijing RENMIN RIBAO in Chinese 10 Jul 86 p 1

[Commentator's article: "Reform Does Not Provide for a 'Spectator's Stand'"]

[Text] "If reform is a stage drama, then all of us will be actors playing different parts rather than just spectators." Tianjin Mayor Li Ruihuan's figure of speech is quite reasonable. Reform is a public concern, and it does not provide for a "spectator's stand."

Some people misunderstand things. Once people mention reformers, they immediately think about factory directors and managers. It seems that the masses are not included in the ranks of reformers. Due to the position of enterprise leaders, their outstanding representatives are indeed influential among the masses. However, they are only a small number of such outstanding enterprise leaders. Reformers are not limited to the ranks of enterprise leaders, and reform is not merely the prerogative of the enterprise leaders. To support reform, it is not enough for the masses to merely applaud in the capacity of audience. The greatest support is to take an active part in the reform and to concern oneself with reform.

To promote the reform, the masses should first realize their master position and master role so as to treat reform as their own cause. Marx and Engel pointed out more than 140 years ago: "Historical activities are the cause of the masses. With the in-depth development of historical activities, the ranks of the masses will certainly expand." Reform is really a great activity of the people in creating history. It serves the purpose of developing the productive forces. It not only extensively involves political life, economic life, and social life as a whole, but also profoundly touches people's mentalities, values, and thinking methods. No person can stand aloof from reform. As the masters of the reform, the masses should link their future and destiny with reform and regard reform as their own duty. This has been realized by more and more people. With the in-depth development of reform, the scale of the masses participating in reform will certainly continue to expand. Shi Feng, a worker in the Anshan iron and steel complex, encouraged himself to make contributions to reform in his plant, saying: "I may become rich if the plant does good business, or I may become poor if the plant's business fails." He investigated the state of production, business operation, management, and political work in his plant and wrote a lengthy proposal which contained original and useful ideas. Zhou Lianke and five other comrades in the State Economic Commission, in the course of rectifying party style, bravely put forth their opinions on reforming office work procedures in order to raise work efficiency and overcome red tape. These examples show that once the masses realize their historical misson, they will display profound wisdom and great courage, will dare to break all trammels, and will make remarkable contributions to reform.

Of course, leaders' enthusiastic support is a necessary condition for the masses to display their master spirit. If leaders show an indifferent attitude, or do not let the masses freely air their opinions, it will not be easy to arouse the masses' enthusiasm, and people's enthusiasm will achieve nothing. Therefore, leading cadres at all levels should acknowledge that reform is a cause of the masses and should realize the importance of the masses' master position in the reform. Great potentials for initiative and creativity exist among the masses. If the masses are not allowed to play a main role, the leaders will not succeed in the drama performance no matter how capable they are, and the reform will lack momentum. Therefore, leaders should give full play to democracy, and should be eager to draw on collective wisdom and absorb all useful ideas. In particular, after the reform of the leadership system, enterprise leaders will have greater power, and it will be more necessary to strengthen democratic management, to guarantee the masses' democratic rights, and to show respect for the masses' creative initiative. Leaders should seriously listen to the opinions. Those sensible parts of opinions which are not completely correct and sensible should also be accepted. [paragraph continues].

When facing erroneous opinions, leaders should make calm analyses and give patient explanations, and should not blame the people concerned. Only thus can the leaders show a clear-cut attitude of support for the reform-minded people among the masses. Zhang Lin, who works in a valve plant in Wafangdian city, Liaoning Province, wrote four proposal letters to the leaders of his plant because he felt that he was also responsible for the poor business results of the plant. However, the plant leaders only gave him the cold shoulder. Only when new leaders took office in his plant could his opinion be highly valued. It is not unusual for some leaders to ignore the opinions of the masses as they think that "people in a lower position do not make weighty remarks." It is certain that we need more broad-minded leaders. More importantly, we should create a harmonious environment to institutionalize the democratic practice. Only thus can we ensure that the masses can exercise their master rights.

On this great arena of reform, only when the masses and leaders make joint efforts with one heart and one mind can reform be advanced vigorously and can a magnificent situation be created. let us all play our parts well!

GUANGMING RIBAO VIEWS POLITICAL REFORM ISSUES

HK150107 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0711 GMT 14 Jul 86

[Text] Beijing, 14 Jul (ZHONGGUO XINWEN SHE) -- Today's GUANGMING RIBAO carries a signed article holding that the general goal of the reform of China's political structure should be to oppose and eliminate bureaucratism and achieve democratization of the party and state leadership setup, thus strengthening democratic management over the country's entire economic life.

Bao Xinjian, the author of the article, is director of the theoretical research center of the Shandong Provincial Social Science Academy. According to Bao, the general goal of reforming and perfecting the people's congress system as the organ of state power should be to truly realize and guarantee the people's democratic status in state political life, to truly ensure that the people's congress and its permanent organs have inseparable ties with the people -- ties that are easy to inspect and renovate -- and to integrate the legislative and executive legal functions in the persons of the elected people's delegates.

The author points out that, to attain this general goal, it is currently necessary o solve three practical problems: 1) Properly handle the relationship between strengthening the united leadership of the ruling party and practically exercising the people's superme rights. 2) Ensure that the people's congresses at all levels can truly become state power organs representing the popular will. 3) Solve the problems of the election, supervision, and dismissal of people's delegates by the people.

On the reform of the political setup in the state executive organs, the author says that the general goal here should be to build executive organs that are historically the most capable, the most responsible, and the most effective in carrying out the popular will and serving the people.

The author also says that the various defects in China's current political structure are all closely linked to feudalist ideology.

The concentrated expression of bureaucratism and abuse of power, which are two defects in the political structure, is directly rooted in the bad habit of grave feudalism among a small number of people. Hence, in reforming China's political structure, it is essential to regard eliminating feudalist ideology as a general target of reform. This is an important component part of the general goal of democratizing party and state political life.

NONGMIN RIBAO ON SITUATION IN RURAL REFORMS

HK111351 Beijing NONGMIN RIBAO in Chinese 30 Jun 86 p 1

[Commentator's article: "Continue to Push the Rural Reform"]

[Text] Our reform of the economic structure started in the rural areas and has now focused on the cities. Does this mean that the rural reforms have been accomplished and everything goes off without a hitch? Not, it is of course not so.

It has been 6 years since we began restructuring our economy in the rural areas in 1980. Over the past 6 years, what have we done for the rural reforms? In short, we have done two major things: One is the improvement of the mode of production; the other is the improvement of the method of curculation. Moreover, we have also readjusted the structure of production. Why should we grasp these two things? It is because the previous modes of both production and circulation have many shortcomings and hinder the development of the productive forces. To invigorate the rural economy and speed up agricultural modernization, we must correct the shortcomings in the economic structure and create a situation favorable to the development of the productive forces. So far we have not accomplished the two things and there are still many deficiencies. We should therefore continue to push the rural reforms and keep working hard for several years to attain the fixed targets.

The first thing we have done in the rural reforms is referred to as reform of the mode of production. Concretely speaking, we have introduced the system of contracting responsibilities on the household basis with payment linked to output, and achieved marvelous successes in this respect. The system has manifested its tremendous strength. With the introduction of the system, we have disrupted the system of "rushing headlong into mass action" in agricultural production and abandoned the practice of "eating from the same big pot" prevailing in the distribution system. As a result, agricultural producers and dealers are unified and responsibility, authority, and benefit are combined, thus bringing into full play the initiative and enthusiasm of the peasants in production and emancipating and developing the most active productive forces in the countryside. The system of contracting responsibilities on the household basis with payment linked to output played in important role in the vigorous development of our agriculture in the past few years, and it will maintain its great vitality of a considerably long time to come. However, like all other systems of business and operations, household-run enterprises also have their limitations. The major problems now facing them are: The scope of their operations is not wide enough. It is therefore difficult for them to cope with various and complicated economic activities in the development of the commodity economy. For this reason, they need different kinds of service and support such as capital, information, technology, transport, and marketing, and they need to expand the scope of their operations, especially the scope of their land operations, through combination and cooperation. [pargraph continues]

In order to keep with the development of the commodity economy, it is therefore necessary to make further efforts to improve the mode of production in the rural areas. Because of different degrees of economic development, no doubt we should not impose uniformity on their expansion of the scope of operations and on their cooperation and combination. Different conditions in different areas -- such as the areas in which the commodity economy is well-developed, economically under-developed areas, and poverty-stricken areas -- ask for different forms of cooperation and combination, and it is impossible for them to begin with these things simultaneously.

The second thing we have done in the rural reforms is the improvement of the circulation system. That is say, we must straighten out market relations, promote free purchase and marketing under the guidance of state plans, and build up a planned market mechanism that is compatible with the development of the rural commodity economy. The second thing is more complicated and difficult than the first. It can be said that we have just begun this work. With regard to the commodity economy, we kept dark about it for a long time. Consequently, our farm product market was controlled by the state mandatory planes, the exchange of farm products was bound by extra economic administrative forces, and the prices of farm products could not correctly reflect the society's needs. Such a circulation system seriously hinders the development of the commodity economy. Viewing the world history of agricultural development, we may see that the rural economy must start with large-scale commodity production. When the large-scale commodity production of agriculture develops to a certain degree, a trend of using modern science and technology will appear, and the rural economy will then gradually move toward modernization in the course of promoting progress in agricultural science and technology and building up the market mechanism of agricultural commodity. The key to modernization of our agriculture lies in changing the self-supporting and semi-self-supporting agricultural economy into the commodity agricultural economy, and promoting large-scale commodity production. Therefore, what should be done in the second step in the rural reforms is mainly to straighten out market relations and build up a good market mechanism, and let it spontaneously regulate the relationship between production and consumption, readjust the production structure, and promote the circulation of labor power, land, capital, technology, and other important factors in agricultural production. When this is achieved in the rural reforms, the rural productive forces will make great progress and the rural economy will be more prosperous. Of course, this step involves a wide range of work such as reforming the system of state commerce and the price system. All this is very complicated and needs our painstaking efforts.

Reform is a tough job. What we have done is just the beginning, but everything is hard in the beginning and well begun is half done. However, what we have done performs only a small part of the job. We still have a long way to go before we ultimately accomplish the tough job. Therefore, we must redouble our efforts to work hard to further push the rural refors.

BAN YUE TAN STRESSES IMPROVING PARTY STYLE

HK110711 Beijing BAN YUE TAN in Chinese No 12, 25 Jun 86 pp 4-7

[Commentator's article: "On the Party Style While Commemorating '1 July'"]

[Text] "1 July" will soon come, and we will greet the party's 65th anniversary while in the process of carrying on reform and rectifying party style.

Now, reform and party style rectification complement each other and have been integrated into an inseparable entity. To succeed in reform, we must have a good party style; and only with a good party style can we ensure the successes in reform.

In the final analysis, party style is an issue of serving the people wholeheartedly. Why are the people willing to follow the Communist Party? Before liberation, the people followed the Communist Party to seek liberation; after the founding of the People's Republic, the people followed the Communist Party to seek a wealthy and happy life. Why do the people support the party's line and policies since the 3d Plenary Session of the 11th CPC Central Committee? Because our party is leading the people to take the road of making the nation and the people rich. Therefore, the party's basic principle of serving the people must always be observed by all grass-roots party organizations and all party members.

Since the 3d Plenary Session of the 11th CPC Central Committee, while leading the people to carry out reform, our party has also been carrying out a firm struggle to rectify party style and strive for a fundamental turn for the better in party style. The results are obvious to all: The realistic spirit, mass line, democratic style, and the practice of criticism and self-criticism of the CPC have all been carried forward. Through party rectification and the leading role of the central state organs in straigthening out the party style, the people have strengthened their confidence in a fundamental turn for the better in the party style.

However, we do not deny that some inner-party unhealthy tendencies still exist in many localities, departments, and units, and sometimes develop to a serious degree. Some party members, especially a small number of party cadres, are seriously tainted with egoism, bureaucratism, liberalism, and various bad ideas, and are involved in all kinds of malpractice of using official functions to seek private gains. This has aroused the people's resentment, seriously harmed the flesh-and-blood ties between the party and the people, injured the party's image among the people, and hindered the smooth development of reform.

People may list 10 or even dozens of facts which demonstrate that some party members and cadres are using their power to seek private gains. We will not mention these examples in detail here. However, we should clearly realize the root cause of the disease of using power in pursuit of private gains so as to suite the remedy to the case and rescue the "sick people." As we see it, some party members and cadres use their power to seek private gains, because they have forgotten the party's basic principle of serving the people. They have let down the people who trust them and let down the party which entrusted the authority to them. They do not use the power they hold to serve the people, but merely use the power to seek benefit for individuals or their small groups. They have forgotten or betrayed the sacred principle of serving the people wholeheartedly that they pledged to observe when they joined the party and which they once practiced. In their eyes, the grand objective of communism has become obscure to them; while the small, egoist goal has loomed large. In view of this, it is necessary to warn them once again: They must not forget their standing as Communist Party members, and must not cast aside the party's principle of serving the people wholeheartedly.

The reform we are now carrying out is the "second revolution" under the party's leadership. It has a bearing on the nation's prosperity and the people's prosperity and happiness in the future. [paragraph continues)

This is an arduous task of far-reaching significance. In order to strive for success in reform, we must fully arouse the initiative and creativity of hundreds of millions of people in our country. The party is the leader of the reform. In order to win the people's trust, the most important conditions are: First, the party has a correct line, principles, and policies; and second, all party members take enthusiastic and concrete actions to serve the people wholeheartedly and dedicate themselves to the reform. When celebrating the party's birthday, all party members should light the fire of ideals in their minds and cherish a sense of urgency to promote the reform. They should take responsibiltiy for uniting the masses, should be the first to bear hardships and the last to enjoy comforts, and should always be eager to meet the needs of the people. Only then can we lead the masses to fulfill our historical mission.

Today, an important criterion for judging whether a party member measures up to requirements or whether a leading cadre is competent, is to see whether he has the idea of serving the people wholeheartedly. The BAN YUE TAN Editorial Department and the Organizational Affairs Bureau of the CPC Central Organization Department jointly recommended 10 outstanding party members, who are examples of such qualified party members. They are engaged in different trades and work under different circumstances, but they all serve the people wholeheartedly and enjoy the love and esteem of the people. All of our party members should learn from their noble moral character.

Reform and opening up mark a new historical period in China. On the one hand, we should exert ourselves to fulfill the reform tasks and bring about rapid economic development; on the other hand, we must effectively set aright the style of our party which is now in a ruling position. Under the conditions of opening up ot the outside world, we must not relax our vigilance against the corrosive influence of the decadent capitalist ideology. When enlivening the economy, we should not try to line our pockets by going beyond the limits of policies and laws when implementing the principle of distribution according to work, we should not forget our duty to lead the masses to get rich together; when developing the socialist commodity economy, we should not bring the principle of exchanging goods of equal value to the inner-party polticial life; when allowing some people to become rich ahead of others, we should not do anything harmful to the collective interests and to other people's interests; when giving play to local advantages, we should not abet any unhealthy trend in a trade; when making the people's cultural life more colorful, we should ensure the social effects of our cultural products. All Communist Party members must strengthen their party spirit and set aright their style. They must not try to seek private gains b; adopting any foul means or under any pretexts. This is a basic requirement for all party members according to the party's basic principle.

The banner raised by our party since its founding is to serve the people wholeheartedly. All party members must endeavor to safeguard this banner and add splendor to it.

With the party serving the public interests and the government serving the people, the party and government will enjoy popular support, and the reform will certainly be successful.

GOVERNMENT ORGANS URGED TO ADOPT NEW STYLE

OW120309 Beijing XINHUA Domestic Service in Chinese 0023 GMT 10 Jul 86

[XINHUA commentator: Government Organs Should Operate With a New Work Style During the New Period]

[Text] Beijing, 10 Jul (XINHUA) -- Not long ago, the State Economic Commission and four other ministries and departments dispatched a group of personnel to conduct official duties in Henan. On the basis of its investigation and study, and by offering advice, the group promptly helped the enterprises there solve a number of practical problems which had impeded their production growth. This was a new approach following the 8,000-strong meeting of the central organs last January.

Improving government organs' work style calls for two requirments: First, government organs must correct unpopular misconduct. Currently, this means that they must correct misconduct in six areas, in accordance with the circular issued by the General Offices of the CPC Central Committee and the State Council. Second, on the basis of inheriting and carrying forward the party's fine tradition, they must operate with a good style in keeping with the needs of the new period. If the first requirement means destruction, then the second means construction, the latter being essential after the former. Thus, while making efforts to correct their misconduct, our government organs should strive to operate with a new style, just as the State Economic Commission and four other ministries and departments have done.

It is very significant to stress that government organs must operate with a good work style in order to keep up with the needs of the new period. this is because our party, government and military organs play a pivotal role in all aspects of our work, and whether they can operate successfully has a close bearing on the success of failure of our cause. In our society, people act according to the example set by government organs. If leading organs at various levels operate with a good and new work style, they will effectively improve conduct in all social sectors.

In the course of the long period of revolution and construction, our party has developed a fine work style which guides conduct in many areas. Government organs, while promoting a good style in keeping with the needs of the new period, should integrate the need to inherit and carry forward our party's fine style with various reform and construction projects during the new period. Currently, we should work hard in the following areas, to say the least:

Supporting and giving impetus to reform. We should be good at summing up experiences in carrying out reform and at discovering the new issues appearing in the course of reform to actively create conditions for reform at basic-level units and remove obstacles in their way.

Serving basic-level units. Under the new situation of streamlining the administration, transferring power to lower departments, and separating the responsibilities of government organs and enterprises, we must thoroughly change the long-standing situation where leading organs, instead of providing services, simply let basic-level units and enterprises move around them. Each government organ must realize that leadership means service. This is a basic responsibility of government organs, as well as a basic guiding thought for their operation.

Conducting investigation and study. Not only should government organs conduct investigation and study in easily accessible and economically developed areas; more importantly, they should do so in remote and impoverished areas, and make every effort to eliminate any "forgotten corner" in the areas under their control.

Working creatively. This means two things: First, they must flexibly implement the central authorities' policies and measures in accordance with the actual situation in their regions and departments, in order to achieve practical results; second, they should replenish, improve, and develop the central authorities' policies and measures in accordance with the new situation and new problems at basic-level units.

LIAOWANG ON PARTY RECTIFICATION RESULTS

HK130541 Beijing LIAOWANG in Chinese No 26, 30 Jun 86 pp 13-14

[Article by Xin Xing: "Realistically Evaluate the Results of Party Rectification"]

[Excerpts] Party rectification throughout the entire party has now been in progress for more than 2 years. At present, the party central leading organs, state department, and institutions and units at the provincial, autonomous regional, and municipal level, and institutions and units at and above the county level have basically completed their party rectification. The ongoing party rectification at the district and township levels is expected to be completed by June or July this year. The party rectification at the village level in most localities will be completed between autumn this year and spring next year. the entire process of the party rectification is rather smooth and has achieved marked results due to the whole party. The present situation of the village-level party rectification is also rather good.

The party rectification was started after our party reestablished the Marxist line following the 3d Plenary Session of the CPC Central Committee, shifted the focus of the work of the party and the state to economic development and socialist modernization construction, and has been carried out in depth under the situation in which reform and economic work are advancing rapidly. The party rectification is a major step taken by the party for winning a great victory in the new historical period, and it also represents the party's main practice for consolidating itself in the new historical period. It has played a significant role in our real life, and will certainly produce far-reaching influence.

The party rectification has achieved results in the four aspects of effecting ideological unity, rectifying party style, strengthening discipline, and purifying party organizations. The first-stage party rectification beginning in November 1983 was focused on setting aright the guiding principles for the work of the party central organs, state organs, and leading organs of provinces, autonomous regions, and municipalities and eliminating the "leftist" influence in the guiding principles. Through the party rectification in this stage, party cadres and party members further emancipated their minds and more clearly understood reform's significance and orientation. This ensured that the focus of our work was really shifted to socialist modernization construction. At present, the ideological results in this regard have gradually been turned into the material results of reform and economic development through the concrete work of the leading organs and leading cadres.

Of course, there were also defects in the first-stage party rectification. For example, we did not pay sufficient attention to dealing with the major and serious cases, and did not effectively set aright the party style in general. Earlier this year, the party central leadership held a meeting attended by some 8,000 cadres from all central organs. A leading group was set up to guide the rectification of party style and to handle major and serious cases. Now the work in this regard has achieved definite results. From mid-May to early June this year, the Central Leading Group for Guiding Party Rectification held a series of forums on party rectificatin work with secretaries of the provinicial, autonomous regional, and municipal party committees in various major regions, and emphatically pointed out: All units in which party rectification has been completed must continue to consolidate and develop the results of the party rectification, and should focus their efforts on seriously handling the major and serious cases and effectively setting aright the party style.

In the second stage of rectification which was conducted in units and institutions at the prefectural and county levels, party spirit education among the party members was conducted rather successfully, and achieved marked results in raising the party members' ideological and political quality. At the same time, the work of handling major and serious cases and setting aright party style was also strengthened.

We should particularly notice that in the few years before party rectification, party organizations in many units and localities did not handle party affairs, relaxed the policial and ideological work inside the party organizations, and neglected the work of consolidating party orgnizations and building socialist spiritual civilization. Such deviations have been effectively corrected in the course of party rectification, especially in party rectification at the prefectural (city) and county level. Many primary and secondary leaders of the prefectural (city) and country party committeees personally took up matters concerning party rectification and placed this work in an important position. At the same time, a large number of party cadres were sent to the grass-roots units. They maintained close ties with the masses and directly handled actual affairs. They worked hard in the forefront of party rectification and cultivated a number of model party members and party branches with strong party spirit. They helped link the party's political work with the work of developing the "two civilizations." In practical work, they also became more competent and capable, and formed a backbone force for the party's political work. This was a major result of the party rectification. For a party which is leading the modernization cause, this is of great immediate and far-reaching significance which must not be underestimated. [passage omitted]

In this party rectification, achievements form the main aspect, although there are also some defects. The main problem is unevenness. Some units and localities did not effectively conduct party rectification and did not achieve satisfactory results. In a small number of units and localities, party rectification was carried out in a perfunctory way and did not achieve any result at all. However, some comrades say that this party rectification "has not solved any major problem," or regard it as "too mild" and "not exciting enough," as they approach it as if it was a political movement in the past. Some comrades set unrealistic requirements for party rectification and hope that it will solve all problems. This attitude is not realistic and scientific. [paragraph continues]

We should use a dialectical, all-round, and realistic viewpoint to view the achievements, mainstream, and non-essential problems of party rectification and to evaluate the overall situation of party rectification. We should not deny the achievements of party rectification when seeing some problems in party rectification in some units and localities, still less can we use a "leftist" viewpoint to evaluate the results of party rectification. At the same time, we should notice that with the in-depth development of reform and economic construction and with the further implementation of the policy of opening up to the outside world and enlivening the economy, new problems will continue to appear. Our task of consolidating party organizations will be long and arduous. We should completely fulfill party rectification from start to finish, and use the experience we gain in party rectification in our routine work of consolidating party organizations.

GUANGMING RIBAO ON POLITICAL ECONOMIC REFORM

HK111039 Beijing GUANGMING RIBAO in Chinese 30 Jun 86 p 3

[Article by Xu Hongwu and Li Jingde: "The reform of the Political Structure Is a Guarantee for the Reform of the Economic Structure" -- capitalized passages published in boldface]

[Text] China has achieved remarkable results in the reform of the economic structure. However, the smooth progress and final accomplishment of this great undertaking calls not only for exploring the law of the reform of the economic structure, but also for creating good external conditions. Carrying out reform of the socialist political structure is an important political condition for guaranteeing the smooth progress of the reform of the economic structure.

Socialist political structure is a summation of the concrete reflection of the basic socialist political structure. It is a political and social system comprising various concrete political structures and setups and treats distribution of political powers as its focus and the administration of the state and society as its main function. The basic political structure of socialism is a new democratic structure that guarantees that the working class and laboring people hold state power and can genuinely administer the state and society. In theory, the socialist political structure must and can meet the requirement of this basic political structure. In practice, however, due to the influence of dogmatism and foreign things, people have not yet established a political structure beneficial to economic development. As a result, many defects in China's current political structure cannot meet this requirement, thus seriously affecting us in giving full play to the superiorities of socialism and directly hampering the in-depth development of reform of the economic structure. Under this situation, if we merely carry out reform of the economic structure but fail to simultaneously reform and perfect the political structure, it is impossible to make success in reform of the eocnomic structure. An Eastern European economist has put it well: If there is only reform of the economic structure but no reform of the political structure, the economic structure would become a "fish in the net" and could not be enlivened. It would be restricted in many fields, at least.

Reform of the socialist political structure must be closely integrated with reform of the economic structure. They must adapt to and promote each other. As the superstructure of socialism, the socialist political system must serve the purpose of consolidating and developing the socialist economic foundation. The reform of the socialist structure must be suited to the reform of the economic structure and ensure and promote the reform of the economic structure. Therefore, special attention should be paid to the following fields in the current reform of the political structure.

1. IT IS NECESSARY TO REFORM AND PERFECT THE CURRENT LEADERSHIP STRUCTURE, TO CORRECTLY HANDLE THE RELATIONSHIP BETWEEN THE PARTY AND GOVERNMENT, AND TO EFFECTIVELY STRENGTHEN THE PARTY'S CORRECT LEADERSHIP OVER THE REFORM OF THE ECONOMIC STRUCTURE. In the political structure of a socialist country, the ruling Communist Party is in a leading position and exercises leadership over the life of the country. This allows no doubt. However, a serious problem has been existing for a long time on how to exercise the party's leadership, the most prominent being overconcentration of power, failure to separate the party and government, and replacement of government by the party. Party organizations often "grow others' land while wasting their own land." They do this in the name of "strengthening both party and government," but are in reality undermining both. They have not only seriously affected state organs in bringing into play their effective roles, but have also undermined the political and ideological leadership of the party. The ongoing reform of the economic structure urgently needs strengthened party leadership. On the one hand, this reform is a very complicated and profound social transformation which should properly handle the relationships of various parties and correctly resolve various complicated social contradictions. On the other hand, only by strengthening the party's leadership over reform is it possible to adhere to the correct orientation in reform and to truly establish a new structure that meets the requirement for the development of socialist commodity economy and that is different than both the previous rigid pattern in which the state imposed too many and rigid restrictions and the capitalist pattern. To meet the requirement of the reform of the economic structure, it is necessary to reform the current leadership structure. The basic aim of the reform is to clearly define the functions and powers of party and government organs, to impose strict division of party and government organs, and to seriously change the previous practice of the party taking on everything and party leading cadres concurrently holding administrative leading posts. Through reform, the previous mistake of "undermining the function of state organs and the party's political and ideological leadership" has been genuinely changed to the present practice of strengthening the party's political and ideological leadership and fully guaranteeing the functional role of goverment organs.

2. ACCORDING TO THE PRINCIPLE OF COMBINING DEMOCRACY AND CONCENTRATION, AND CONCENTRATION AND DECONCENTRATION OF POWER, WE MUST REFORM AND PERFECT STATE ORGANS TO ENSURE AND PROMOTE THE ESTABLISHMENT AND DEVELOPMENT OF THE NEW ECONOMIC STRUCTURE. The economic structure we are to establish through reform is a structure that combines in a proper and organic way planning and market, macro management and micro flexibility, and concentration and deconcentration.

To meet the requirement that the political structure must be suited to the economic structure and economic development, the reform of state organs must adhere to the principle of reaching unanimity between democracy and concentration and combining concentration and deconcentration of power. First, we must correctly define the functions and powers of central organs and local organs. The basic requirement is that on the premise of ensuring the unified leadership of central authorities, we must reasonably expand the functions and powers of local administrative organs and bring into play their initiative and enthusiasm. Second, we must correctly handle the relationship between the state and enterprises. The basic requirement is to separate the duty and functions of government organs and enterprises, and to reasonably expand the decision-making power of enterprises on the premise of ensuring the state's indirect macromangement over enterprises. Third, we must reform and perfect state power organs; improve cultural technical, and management level and reduce the age of people's deputies at all levels; and perfect the system of establishing ties between people's deputies and voters, so that "deputies" can become veritable working posts. It is necessary to vigorously perfect the work system of holding congresses, to strengthen economic legistlation work, and to bring into full play the role of the legal system in promoting and ensuring reform in cooperation with administration and judicial organs. We must reform and perfect state administrative organs, strengthen scientific management, raise efficiency, and overcome bureaucratism. Along with the shift from direct control to indirect control in the state's business management on enterprises, the functions of state organs in business management must also change accordingly.

3. WE MUST REFORM AND PERFECT THE STATE'S CADRES SYSTEM TO HELP SELECT TALENTED PEOPLE WHO HAVE BOTH ABILITY AND POLITICAL INTEGRITY FOR LEADING POSTS AT ALL LEVELS AND PROVIDE A RELIABLE GUARANTEE FOR THE REFORM OF THE ECONOMIC STRUCTURE. We have carried out some reforms in our political structure over the past few years. Our party has reformed the cadres system according to the principle of making cadres more revolutionary, younger, better educated, and more professional, achieving some results. However, due to the lack of effective and concrete measures, we have not yet carried out reform in a coordinated way, the cadre system has not yet been throughly reformed, and we lack a sound democratic procedure in selecting and promoting cadres. Therefore, the cadres issue is still affecting the smooth progress of the reform of the economic structure.

The reform and improvement of the cadre system must be closely linked with the reform of state administrative organs, and the principle of adhering to "four requirements" for cadres must be integrated with the principle of adhering to socialist democracy. We must vigorously promote the cadres election and recruitment system and restrict and belittle the appointment system. We must institute the cadres office tenure system, the shift system, and the retirement system, and further abolish the existing leading cadres lifetime tenure system. We must establish various democratic supervision systems from low to high levels, and eliminate cadres' priviliges and bureaucratism. In the meantime, we must take effective measures to strengthen cardres' training and do our best to build a contingent of economic, management, and technical cadres of various kinds.

4. WE MUST IMPROVE DEMOCRATIC LIFE, PERFECT THE DEMOCRACY SYSTEM, AND BRING INTO FULL PLAY THE INITIATIVE AND CREATIVENESS OF THE BROAD MASSES SO AS TO PROVIDE INEXHAUSTIBLE STRENGTH TO THE REFORM OF THE ECONOMIC STRUCTURE. The essence of the reform of the socialist political structure is to develop socialist democracy in an all-round way and to bring about democratization in state administration, economic management, and social life. With the success in reform of the political structure, we can establish and protect the role of laboring people as their own masters in the state and enterprises through the systematization and legalization of democracy, and bring into full play the role of mass organizations, such as trade union federations, CYL organizations, women's federations, in state administration, economic management, and social life, so that democratic channels will become more smooth and leaders' ideas can be integrated with people's desires. If an enterprise can bring into play the power and role of trade union organizations and workers' congresses in examining and approving its important policy decisions, in supervising administrative leaders, and in protecting the legitimate rights and interests of its staff and workers, through reform, perfecting the system of holding workers' congresses and various democratic systems, it can effectively strength democratic management of the enterprise and combine the authority of its leaders and the masters' role, initiative, and creativeness of laborers.

LI PENG OUTLINES REFORM OF HIGHER EDUCATION

HK140849 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0355 GMT 11 Jul 86

[Text] Beijing, 11 Jul (ZHONGGUO XINWEN SHE) -- Li Peng, vice premier of the State Council and minister of the State Education Commission, recently voiced some important opinions on the reform of China's higher education.

Li Peng disclosed that emphasis would be placed on the following reform projects this year regarding higher education:

-- It is necessary to reform the student recruitment system and the graduate distribution system, to reform the grant-in-aid system, and to introduce the scholarship system. The project was initiated last year and is to be modified this year based on the experience accumulated so far. Since there are quite a few students whose families are faced with economic difficulties, the authorities concerned are going to try out the method of loan extension. In this connection, a few specialities of some institutions will be selected to launch pilot projects this year, and the method will be gradually popularized later.

-- It is necessary to improve the postgraduate student recruitment and training system. From now on, different specialities will observe different requirements in recruiting postgraduate students from among fresh graduates and employees who have some working experience. This sytem should first be introduced on a trial basis particularly in such specialities as social sciences, finance and economics, and engineering subjects.

-- It is necessary to gradually improve and perfect the postgraduate student training system. Dissertation topics must parallel as closely as possible the needs of the socialist construction.

-- It is necessary to gradually explore, through experimentation, more approaches to doctoral training, so that those employees who have accumulated rich experience in practical work will have access to higher degrees. It is suggested that courses for such degrees as "Doctor of Engineering" and "Doctor of Clinical Medicine" be offered so that practitioners with high standards will have more channels to gain higher degrees.

Li Peng suggested that from now on the readjustment of the higher education structure should follow the principle of rational division of labor according to the society's varying demands for qualified personnel. In light of the experience of different countries and the present conditions of institutes of higher learning in China, our universities and colleges should in general be divided into three types: 1) A small number of schools with greater potential in both teaching and scientific research should undertake the training of students enrolled in masters and doctoral programs while offering undergraduate courses. They should gradually develop into education and scientific research centers whose goal is to foster high standard qualified personnel. 2) The majority of schools must concentrate their attention on undergraduate education. At the same time, they should also carry out scientific research and participate in other academic activities centering on improvement of teaching quality. They should promote research in applied sciences, and provide scientific and technological services. 3) All kinds of professional training colleges should take teaching their key task. While teaching professional knowledge, they should also equip their students with some professional techniques.

Li Peng said: Our institutes of higher learning should create a political environment and an academic atmosphere featuring a high degree of civilization and democracy. It is necessary to encourage and allow young students to think and explore. But their behavior should be bound by discipline. Out of love for our students, we must treat them equally and sincerely, convince them by reasoning, and move them with true feelings. While being aware of their shortcomings and deficiencies, we must pay more attention to their strong points.

These views of Li Peng will be carried in the July issue of ZHONGGUO GAODENG JIAOYU [CHINA'S HIGHER EDUCATION] which is going to be published soon.

'REALISTIC' HOUSEHOLD INDUSTRY DEVELOPMENT URGED

HK141221 Beijing RENMIN RIBAO in Chinese 8 Jul 86 p 2

[Commentator's article: "Only by Being 'Realistic' Can There Be Development -- Enlightenment Gained From the Development of Household Industry and Commerce in Wenzhou City"]

[Text] Contracts for land were transferred. Purchase and sales workers transferred their contracts among themselves. A bank introduced floating interest rates. Though many documents did not affirm these practices and had even clearly called for prohibition, the Wenzhou CPC Committee and the city government saw clearly that these things were conducive to the development of socialist commodity production. Assuming an attitude that called for "not being bound by upper-level restrictions and by what is written in the books, but simply being realistic," they gave the "green light" to these practices.

As a result, the development of household industry and commerce in Wenzhou was stimulated. New experiences were also provided for the relevant party and state policy-making departments, thus stimulating the development of reform.

In our approach to new things, should we be "bound by upper-level restrictions and by what is written in the books," or should we be "realistic" in practice? This is not only a problem on a Marxist-Leninist level but also one of work style. Documents based on conditions as a whole do not and cannot possibly take the peculiar conditions of all areas into consideration. Therefore, it is necessary for various areas to creatively enforce these documents in line with their own conditions. In developing the socialist economy, the masses have created many new things. So long as these new things are conducive to the development of social productive forces, they should be given energetic support. Only in this way can our party's policies be continuously developed and perfected through practice. Now some comrades stick to upper-level documents. If something is not specified in the documents they do not dare to do it. They also vigorously oppose what has been done by the masses and been proved by facts to be correct. This is a kind of harmful "bookishness." Some comrades are not unaware that "being realistic" is a dialectical-materialist attitude. But they think that conformity with the "higher levels" and with the "book" not only means "saving trouble" but also provides "insurance." They are unwilling to face up to reality and to work hard on investigation and study. As a result, they are often away from the masses and divorced from reality, reducing economic work to a lifeless state.

Being obsessed with the "higher levels" and with the "book" is the cause of several left mistakes in the history of our party. It is also one of the important factors why some areas have always failed to create a new situation in some aspects of economic reform work. Economic reform is a brand new subject of study confronting us and is a tremendous task involving the social economic system. We must not only do away with the old system but also establish new mechanisms, new rules and a new order, over a wide area. Therefore, we cannot assume an idealist attitude toward this reform. Nor can we sit waiting for a "pattern" suited for every case to come from the higher levels. (There is no such "pattern.") We must advocate the study of Marxist-Leninist works in practice. We must also study practices and experiences in the capitalist development of the commodity economy that are useful to us. We must call for investigation and study and foster the spirit of showing courage for exploration.

In developing the socialist commodity economy, we must follow a new path of our own. Whether this path can be a success depends on whether our pace is compatible with reality. Therefore, in our approach to anything at any time, we must "seek truth from facts." Only by being "realistic" in creation can there be development.

OFFICIAL ON COOPERATION WITH FOREIGN BANKS

OW141440 Beijing XINHUA in English 1333 GMT 14 Jul 86

[Text] Nanning, July 14 (XINHUA) -- China's willingness to expand its cooperation with foreign banks has again been affirmed by Bu Ming, board chairman of the Bank of China -- the country's sole foreign exchange bank.

Speaking at the 1986 annual conference of the Guangzhou international finance society held in Guilin, Guangxi Zhuang Autonomous Region, he said 19 foreign banks, one joint-venture bank and 152 representative offices had been set up in China by the end of last year.

China has selectively and in a planned way allowed some foreign banks to open business in China, and at the same time safeguards their legitimate rights and intrests, Bu said. As early as October 1980, he said, the State Council promulgated the provisinal regulations on the control of resident representative offices of foreign enterprises in China. The regulations are intended to promote China's economic exchanges and trade with the rest of the world, he added.

In February 1983, he said, the People's Bank of China -- the country's central bank -- issued China's first rules governing foreign banks, that is, the provisional regulations for the establishment of representative offices in China by Overseas Chinese and foreign financial institutions. In April last year, the State Council issued regulations governing the setting up of branches by foreign and joint-venture banks in China's special economic zones.

All these regulations, Bu said, have demonstrated that China is equipped with effective legislation governing the business of foreign banks in China. Since the Xiamen International Bank -- China's first banking joint venture with foreigners -- in the Xiamen Special Economic Zone in Fujian Province started business in 1984, six foreign banks have set up branches in Xiamen, and another three have opened representative offices there. The Xiamen International Bank has loaned 100 million U.S. dollars to 15 projects sponsored by the city in light industry, chemicals, tourism and trade.

In Shenzhen, industrial enterprises using foreign and Overseas Chinese investment and joint venture enterprises, accounting for 18 percent of the total, generated 62.4 percent of the city's total industrial output value in 1985. By the end of last year, Shenzhen had absorbed foreign investment totalling 924 million U.S. dolars, and part of this was collected from foreign banks.

Apart from their direct investment in China, Bu said, foreign banks can also conduct hard currency business including depositing, loaning, trade accounting and bill cashing, in line with related Chinese laws and regulations.

OFFICIALS COMMENT ON RENMINBI DEVALUATION

HK140940 Beijing CHINA DAILY (BUSINESS WEEKLY supplement) in English 9 Jul 86 p 1

[By staff reporters]

[Text] The Chinese yuan tumbled in value 15.8 per cent against foreign currencies over the weekend in the single largest devaluation in five years.

The yuan's value against the U.S. dollar dropped to 3.71 from Friday's 3.20 yuan. Against 100.000 Japanese yen, the yuan dropped to 2,303 yuan from 1,989; against 100 Hong Kong dollars, from 41 yuan to 47 yuan; against the British pound, from 4.94 yuan to 5.74 yuan.

A People's Bank of China spokesman said the devaluation is intended to promote exports and to more realistically reflect changes in domestic prices the past couple years. He called it a "necessary and normal business step."

Responding to the devaluation, the Great Wall Hotel raised its rate by 3.7 per cent. Other economic sectors depending on imported materials will sooner or later respond to the devaluation, said economists here.

Zhao Haikuan, head of the Financial Institute of the People's Bank of China, told BUSINESS WEEKLY the devaluation will not trigger a domestic price rise as some people feared.

"A lower renminbi will promote exports and reduce imports," he said. "That is a good thing for China."

The China Textile Import and Export Corporation, China's No 1 foreign currency earner, said it hasn't yet determined what effect the devaluation will have on the company's business. The devaluations did not come by complete surprise. Wang Benzhou, an economist with the Chinese Academy of Social Sciences, told BUSINESS WEEKLY that the adjustment of exchange rates is a necessity as China continues to pursue policies of invigorating the domestic economy and opening up to the outside world.

"The exchange rate is the kissing point between China's domestic price system and the international price system," Wang said "China's domestic price system was not tightly linked to the international prices system.

"China," he said, "overvalued the renminbi on the one hand while allocating State subsidies to support exports. In other words, the old exchange rate system bolstered the value of the renminbi at the expense of State finances."

Ban090 [as published] devaluation of the renminbi started in 1982 after it reached a peak of 1.5 yuan to $1 in 1981. In five years, the renminbi has dropped 146 per cent.

Disagreement emerged among Chinese economists over the issue of devaluation. Wang Zhenzhong, an asssistant researcher with the Economic Institute of the Chinese Academy of Social Sciences, represents one school of thought.

Writing earlier in the Beijing-based ECONOMIC STUDY magazine, Wang said that further devaluation of the yuan will not necessarily help China in its quest for enhanced export earnings.

He noted that China's foreign trade surplus slid from $4.2 billion in 1982 to $14 million in 1984. In 1985, foreign trade registered a deficit. During that same period, the yuan officially fell from 1.5 yuan against the dollar to 3.2 yuan.

Wang Benzhou takes a different view.

"To promote exports is not the only purpose of the present devaluation of renminbi. The ultimate purpose is to adjust China's foreign trade system from a strategic point of view.

"In the process of economic reforms, the government should reduce its subsidy of export goods. Instead, it should correctly value the renminbi to give foreign trade business a more realistic base," he said.

Commentary on Devaluation

HK140249 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1056 GMT 10 Jul 86

[Commentary by Shi Fu: "Increase of Export Volume and Decline of Exchange Rate"]

[Text] Hong Kong, 10 Jul (ZHONGGUO XINWEN SHE) -- It was reported that from January to May this year, the export volume of Mainland China reached $10.3 billion, an increase of 15.1 percent over same period last year. Before the publication of the news, on 5 July the banks on the mainland announced the readjustment of the exchange rate of the renminbi against currencies of various countries. The average margin of decrease is 15.8 percent. The increase of 15 percent and the decrease of 15 percent seem to be coincident. But they are bound to be interrelated. The common aim is to earn more foreign exchange to make up the deficits in foreign trade for 3 years in succession.

The deficit in China's foreign trade last year was terrifying. According to statistics issued by the foreign trade ministry, last year's total deficit was $7.61 billion. However, according to statitics issued by the State Statistical Bureau based on the figures provided by the customs, the deficit was $14.9 billion. In spite of the fact that the export volume for the first 5 months of this year increased, the foreign trade gap has still been expanding, rather than being reduced. According to figures issued by the Chinese Customs, during the first 4 months of this year the foreign trade deficit of the mainland was $4.4 billion, an increase of 13 percent over same period last year. In addition, foreign investment and the number of foreign tourists also dropped. This led to a sustained decline in China's foreign exchange reserves. By the end of last year, China's foreign exchange reserves were $11.91 billion, 17 percent lower than in the same period of 1984. By the end of March this year, the foreign exchange reserves had dropped again to $10.35 billion. In other words, China's foreign exchange reserves dropped by 13 percent within a period of 3 months.

In view of the situation described above, the Chinese authorities could not but take drastic measures to reduce the exchange rate of the renminbi by a big margin. The purpose in so doing was to enhance the competitiveness of export commodities, and to attract more tourists from abroad and investments by foreign businessmen.

Of mainland export products, crude oil and textile products are the most important. The export volumes of these two kinds of products account for 50 to 60 percent of the total export volume.

Due to the fact that oil prices have dropped, and that it is impossible to increase its export volume, profits earned from oil will not go up. They might even drop. The export volume of textile products and light industrial products during the first half of this year increased by $1.22 billion (46 percent) over the same period last year. However, due to the restrictions imposed by protectionism in the United States on the import of textile products, China can only seek more outlets in Europe and other places, because it is difficult to have a larger margin of increase.

During the first half of this year, the margin of increase in the export of coal was the largest. Coal exports totaled 5 million tons, an increase of more than 50 percent over same period last year. It is expected that coal exports will top 10 million tons this year. However, the coal market is closely related to the oil market. When oil prices are declining, the export of coal will be affected.

It is obvious that although measures taken by the mainland to lower its exchange rate will promote exports, they are not too useful because of the restrictions of various conditions. In the meantime, we should also realize that due to the fall in the exchange rate, the mainland must export more products to make up for the losses caused by the fall.

The fall in the exchange rate is, of course, useful in increasing tourist income and attracting foreign capital. A reaction has been produced in Hong Kong, which borders the mainland. As for those Hong Kong businessmen who invest in the mainland, the devaluation of the renminbi is both good and bad news. It is good news because workers' wages and other expenses, which are paid in renminbi, will be reduced. However, the prices of goods they sell on the mainland will also drop accordingly. Therefore, their profits will be reduced. It is only through increasing exports that they can make profits.

Another advantage of the fall in the foreign exchange rate is that imports will be restricted. The devaluation of the renminbi means the revaluation of foreign currencies. In other words, the prices of imported goods will increase. This will compel enterprises and consumers at home to use more China-made goods. This is beneficial to promoting economic development. However, with regard to advanced equipment and facilities which still cannot be produced domestically, China still relies on foreign countries.

China's noted economist Qian Jiaju believes that the fall in the exchange rate will restrict imports and benefit exports, and that this will be useful to solving the problem of the adverse balance of trade. However, to what extent is it useful? Are there no side effects? Sufficient time is needed to test the measure in practice before a correct answer can be given.

LIAOWANG VISITS SHAANXI AVIATION INDUSTRY BASE

HK100259 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 26, 30 Jun 86 pp 13-14

[Article by Quan Zong: "China's Large-Scale Aviation Industry Base Deep in the Mountains -- a Visit to the 012 Enterprise Group"]

[Test] Not long ago, at the "China Civil Airplane Exhibition" in Beijing, the Yun-8 multipurpose medium-range, medium-sized transport airplanes which gave a flying display among the white clouds, attracted much attention. It is produced by a third-line enterprise of the Chinese Ministry of Aviation Industry -- the 012 Enterprise Group. Recently, I visited the group.

Carry out Research Into, and Manufacture Medium-Sized Transport Airplanes

The 012 enterprise group is a large aviation industrial base that was set up in Hanzhong Prefecture, Shaanxi Province in the mid-1960's.

At that time, several thousand engineering troops and engineers, technicians and workers came from east China to help in the construction of the third line in that mountainous area, set up camps and began to build the base. By 1967, the construction of the base was basically completed. However, the "Great Cultural Revolution" seriously disrupted the normal construction and production in this large aviation industrial enterprise group. It was not until 29 December 1975, that a prototype of the Yun-8 airplane finally appeared, like a baby born after a difficult labor. Only then did China have its first self-designed and -manufactured medium-range and medium-sized transport airplane, comparable to the U.S. C-130 and Soviet An-2 transports.

Abundant Technological Force

Over 20 subordiante factories and companies of the group are scattered in the river valleys among the mountains of Nanzheng, Libua, Yangxian, Foping and three other countries, Hanzhong Area. Since 1964, the state has invested a total of 700 million yuan in this group.

Now, this enteprise group employs over 30,000 staff and workers, among them over 4,100 engineers and technicians. It has about 10,000 pieces of equipment including metal-cutting machine tools, forging presses and power plants. Above the ground, under it, and in mountain caves in this area with a diameter of about 100 kilometers, were built over 700,000 square meters of factory floor space. The large assembly workshop, 72 meters wide, ranks among the largest for this type of industry in Asia.

I visited Chief Engineer Xu Peilin there. Xu graduated from Shanghai's Jiaotong University in late 1940's, majoring in mechanical engineering. He has been employed in new China's aviation industry for over 30 years, and has worked with fighter planes as well as in research and manufacturing transports and rendered outstanding service there. Last year, he was praised by Zhao Ziyang and other state leaders as one of the 20 specialists in aviation circles. In the workshop that assembles Yun-8 airplanes, he told me that the Yun-8 had flown for over 10,000 hours and logged over 5.2 million kilometers without any accidents.

They have flown to all provinces and regions in the country except for Taiwan and have undergone various kinds of complicated environmental tests such as very cold and hot weather and the great height on plateaus and have functioned well. Its load capacity is 20 metric tons and it can carry 96 fully armed soldiers on one flight. Large bales of cargo, trucks, and artillery trucks can enter its fuselage through the rear door.

At present, the 012 Enterprise Group is moving toward making a series of Yun-8 airplanes. It has already successfully developed a Yun-8 plane specially for carrying "Heiying" helicopters. Relevant video records show that when a snowslide occurred in Lhasa Prefecture, Xizang last year, Yun-8 planes carried large amounts of relief materials and goods and "Heiying" helicopters across the world's roof -- the Himalayas -- and thus saved time in relief work. Moreover, the group has already successfully developed a Yun-8 marine patrol and other kinds of planes for special purposes.

Develop Its Strong Points and Develop Civilian Products

In late 1970's, as the state economy was undergoing readjustment, the orders for military products for the 012 enterprise group dropped substantially. Giving play to its strong points and developing civilian products became an indispensable way for the enterprise group to maintain its survival and seek development.

As the enterprise group's major product, the Yun-8 was the first to be considered as a product to be transferred for civilian use. At the Shaanxi Airplane Manufacturing Plant airstrip, we saw a Yun-8 with a dragon insignia painted on it. This plane was purchased by the "Flying Dragon" Aviation Company, which was very satisfied with its performance. Xizang, Yunnan and other areas have also sent people to discuss purchasing the plane.

Chief Engineer Zhu Peilin showed us into the fuselage of the Yun-8 and told us that the work to refit the airplane and turn it into a passenger plane was underway. If the fuselage was made airtight, the transport could be turned into a feeder airline with about 80 seats. This transformation project has already been included in the state plan for the development of domestic medium- and short-range passenger airliners for the Seventh 5-Year Plan period.

While developing civilian products, the 012 Enterprise Group paid attention to giving play to its comprehensive strong points and researched and developed high-grade, precision and advanced products. In the past, the Wuhan iron and steel complex imported spare parts for the cylinders of the hydraulic pressure systems of its rolling mills. The No 572 factory under the 012 Enterprise Group undertook the task of the research and manufacture of the R2 Main Shaft Balance Cylinder. The balance cylinders it produced have been installed for trial use and proved to have a life of over 3 years, far longer than the 6 months life of the imported ones. The complex was very satisfied and has signed a 10-year contract with the No 572 factory, assigning the factory sole responsibility for maintaining and manufacturing the cylinders for it.

In order to develop civilian products in the light of market demand, some of the factories uner the 012 Enterprise Group have specially set up relevant functional organs to collect market information and establish an information network. The Shaanxi Airplane Landing Gear Factory successfully developed a Xerox machine for large projects in the light of market demand. This machine can xerox No 0 engineering blueprints of any length and has thus filled a need at home. The cost was 80 percent lower than similar products abroad; therefore, it was very well received by customers and over 200 of them have been sold in the past few years. The state has already designated this product as a "key project of military-civilian technological transformation" in the Seventh 5-Year Plan period.

According to Ling Yongbiao, deputy chief engineer of the Enterprise Group, the 012 Enterprise Group has already developed 10 major categories of civilian products including aviation industrial products, mini-cars and their spare parts, light industrial products, processing machinery, instruments, meters, home electrical appliances and motors, tools and measuring tools, special equipment, and farm machinery. There are over 100 major products in these categories. In 1985, the 912 Enterprise Group's output value of civilian products reached over 99 million yuan, accounting for 43.5 percent of its total output value and being an increase of more than 400 percent over the year 1984. This enabled the enterprise to gradually overcome its difficulties.

Through the production of civilian products, the various factories under the 012 Enterprise improved their qualities. They improved the war industrial technology and equipment and improved the design and production capacity of the factories that produced components; turned the enterprise from a production only type into one that combined production and business and defense and civil industrial production; paid even closer attention to market demand; trained a number of modern management personnel; and thus facilitated improving the management in the factories.

Develop Lateral Relations with Various Areas

While developing civilian products, the enterprise group strengthened its lateral relations with various areas. It cooperated with over 100 enterprises in Xian, Baoji, Lanzhou, Yinchuan, and other areas in northwest China to tackle problems and jointly produce new textile machinery and light industrial machinery for processing plastic and for food packaging. It has also established production joint ventures with Fujian's Futian and Xiamen. In Guangzhou and Shenzhen, one by one, the factories under the enterprise group set up "windows" to monitor market demand. They have also established an information network throughout the country.

Last year, they held discussions with the No 2 automobile plant on producing "SW.121" mini-cars. Now they have produced over 700 of these cars.

Since its establishment, the 012 enterprise group has played a satisfactory role in giving impetus to the economic development in Hanzhong prefecture. In the early 1960's when the factories were being built, the streets in the towns and cities there were narrow and rough and there was no bus service or running water throughout the prefecture. According to relevant statistics, in 1964, there were only nine highways in the prefecture with a total length of only 1,500 kilometers, half of which was often unusable when it rained. [paragraph continues]

There was no highway bridge on the Han Jiang and vehicles had to cross it by ferry. While the 012 enterprise group was being built, highway bridges were built across the Han Jiang. Highways with a total length of over 3,000 kilometers were built one after another and the Yangpingguan-Ankang railway was built through the prefecture. This enabled the prefecture to send out its abundant Chinese herbal medicines and agricultural and sideline products. Local cement, brick, and limestone factories were built one after another to serve the needs of the production of the enterprise group. In 1983, the Hanzhong Prefecture's gross industrial output value rose by 1,120 percent over that in 1964. Around the factories under the 012 Enterprise Group, rural trade markets and various kinds of service trade gradually developed and in some areas, small towns with a population of several thousand people have emerged. The various factories recruited a certain percentage of their workers from among local peasants, thus providing some job opportunities for rural surplus labor. The enterprises also paid a certain amount of tax to local governments every year.

Over the past few years, the 012 Enterprise Group has also exploited its financial and technological strong points to help localities build some cement, beverage, and cigarette factories. The factories under the group also established fixed relations with local enterprises to provide them with advisory and technological services and helped them train several hundred enterprise management personnel.

LIAOWANG VIEWS CADRE APPOINTMENT SYSTEM

HK110421 Beijing LIAOWANG in Chinese No 26, 30 Jun 86 p 4

[Commentator's article: "Perfect the Cadre Assessment, Appointment, Removal, and Supervision System"]

[Text] An important task for us now is to reform and improve the system for assessing, appointing, removing, and supervising cadres.

At present, our country is carrying out a modernization program and reforming the economic structure so as to perfect the socialist production relations and superstructure. This naturally includes the further improvement of the cadre management system. Only thus can the cadre system be adapted to the requirements of the modernized economy and can it better serve the economic foundation.

Some people say that after a political line is laid down, cadres become the key factor. This is rather reasonable, because the line must be implemented by people. Cultivating and promoting hundreds of thousands of cadres who can adhere to the party's political and ideological line and can firmly maintain the party spirit is an organizational guarantee for fulfilling the party's general task. During the democratic revolution, tens of thousands of cadres armed with Marxism-Leninism-Mao Zedong Thought shared weal and woe with the masses and fought selflessly and fearlessly, with one stepping into the breach as another fell. They made immortal contributions to the founding of the people's republic. Today, the process of realizing the four modernizations and the economic structural reform under the party's leadership constitute a greater revolution, which also needs hundreds of thousands of dedicated cadres who are willing to fight all their lives for the party's cause.

Since the 3d Plenary Session of the 11th CPC Central Committee, party organizations and governments at all levels have seriously carried out the principle of making the ranks of our cadres more revolutionary, younger in average age, better educated, and more professional in their work; have actively reformed the cadre system; and have promoted a large number of young and middle-aged cadres, who have both ability and political integrity, to leading posts at various levels. Many old comrades have taken concrete action to promote the supersession of the old with the new and have taken the initiative in changing the system of lifelong tenure of office. All this has consolidated our cadre contingent and improved the quality of leading bodies at all levels. This is also a basic reason for the major progress we have made in our socialist modernization construction and in various reforms in recent years.

Are there still problems in the system of selecting and appointing cadres? Yes. Although there are not too many problems in this regard, we still have to pay close attention to them. For example, some people still appoint cadres according to their personal feelings, personal relations, or personal interests. They even proceed from feudalist, clan, and factional mentalities when selecting cadre candidates. They are eager to appoint their former schoolmates or their fellow townsmen. Some people even go so far as to appoint their children or relatives to higher posts. Some people exchange favors by offering leading posts to the children of their friends. Some people disregard the established policies and vie for quotas of promotions for cadres in their departments and units. Some leading bodies raise their subordinate units to a higher level without authoritization. A very small number of comrades in charge of personnel affairs even use their power to seek private gains for themselves and involve themselves in all kinds of malpractices. Although only a few people are involved in such evil things, they have produced a harmful influence, corrupted the ranks of cadres, and hurt the party's prestige among the people. Such evil things completely go against our party's fine tradition in the field of cadre management.

Undoubtedly, we must check and prevent such phenomena.

Personnel appointment is a major policy issue that we must not take lightly. We should continuously perfect the system for assessing, appointing, removing, and supervising cadres. Leading cadres must adhere to the principle of appointing cadres according to their ability and political integrity and must be honest, impartial, and aboveboard in the handling of personnel affairs. Leading cadres at all levels have a duty to recommend cadre candidates to the party according to normal organizational procedures. However, they have no authority to seek private gains in violation of the policies.

The appointment of cadres must strictly follow the established procedures: Cadre candidates should be determined through democratic recommendations and on the basis of widely canvassing people's comments; then decisions should be made by the organizational and personnel department within its cadre management jurisdiction; finally, the appointment decision should be examined and approved by the organizational and personnel department at the higher level. When conducting democratic recommendation or public opinion polls, we must not merely do this for show; instead, we should be serious and strict in handling these things and should fully respect the opinion of the majority.

Candidates for promotion must be strictly observed and assessed in light of the political and professional requirements of the posts they will hold. The candidates' ability and political integrity as well as their previous performances and work results should all be examined. Attention should be mainly directed to their recent work performances, although their previous records should also be considered. When assessing cadres, we must not hold a one-sided viewpoint. Our attitude should be realistic and responsible to the party, and we must not have any prejudice. Our judgment must not be influenced by people's gossip. We should discover and appoint cadres who can creatively carry out the party's policies, effectively make new breakthroughs in their work, and bring benefit to the people in a down-to-earth manner.

Our practice over many years shows that it is more reliable to promote cadres level by level under ordinary conditions. Cadres being promoted to a higher post should first gain practical experience in working at the lower level and make marked achievements. In addition, effective measures should be taken to supervise the work of the cadres who have been promoted to the leading posts. Cadres who are proved incompetent in their present posts and who are seriously criticized by the masses should be promptly removed to other posts.

There is one other point that we should mention. The organization and personnel departments at all levels should not only be institutions for examining and approving cadre appointments, but should also ensure the implementation of the party's cadre policy in an all-round way and shoulder the heavy task of building and consolidating the cadre contingent. Cadres in the organizational and personnel departments should first exemplarily observe party discipline and implement the party's principles, should be faithful to their duties, should dare to report the actual state of affairs to the upper authorities, dare to uphold principles, and dare to resist all actions which violate the party's cadre appointment principles and violate personnel discipline. People who cannot adhere to the principles, abuse their power, and act deviously and dishonestly must not be assigned to handle personnel affairs.

RENMIN RIBAO ON STUDY OF INDUSTRIAL POLICIES

HK110400 Beijing RENMIN RIBAO in Chinese 7 Jul 86 p 5

[Article by Zhou Shulian: "We must Attach Importance to the Study of Industrial Policies" -- capitalized passages published in boldface]

[Text] In the previous period, many comrades in many units talked about the necessity of studying industrial policies. This was not a coincidence but a topic set forth by the practice of socialist economic construction. In light of my own experience, I particularly feel that the solution to at least the following major issues depends on the formulation of correct industrial policies.

FIRST, KEEPING THE SCALE OF INVESTMENT IN FIXED ASSETS UNDER CONTROL AND READJUSTING THE STRUCTURE OF INVESTMENT IN FIXED ASSETS:

For a long time, the scale of investment in fixed assets has been overexpanded in China. Although we have repeatedly called for control of the scale of investment in fixed assets, so far this problem has not yet been properly solved.

While trying to bring the scale of investment under control, one will have to deal with the distribution of investment among different economic sectors. A common case is that every sector always asks for as much investment funds as possible, complaining that other sectors have obtained more investment than it has. This shows that the issue of investment scale is in fact closely related to that of investment structure. As there have been many unreasonable practices regarding the investment structure, the control of the scale of investment in fixed assets must be effected along with the readjustment of the stucture of investment in fixed assets. Thus there arises the necessity of a correct policy on the industrial structure which will guide the control of investment in fixed assets and the readjustment of the structure of investment in fixed assets.

SECOND, STEPPING UP THE PROCESS OF TECHNOLOGY TRANSFORMATION OF THE EXISTING ENTERPRISES:

To fulfill the goal of modernization we need to speed up technological progress. At present, one of the major tasks in economic development is to step up the technological transformation of the existing enterprises. Every enterprise should take up the technological transformation as its own business. However, even if the technological transformation plan seems reasonable for an economic sector as a whole. What is more, the arrangements for every sector will have a bearing on the arrangements for the whole national economy. Take the case of the automobile industry as an example: Without the overall planning for technological progress, we can hardly judge whether the plan for technological progress of an automobile plant is rational. The formulation of the plan for technological progress of the automobile industry is conditional on the weight of the development of the automobile industry, thus is must be considered in light of the whole national economy. Our national conditions determine that the process of technological progress will set different requirements not only on different types of enterprises, but also on different economic sectors. Some enterprises or sectors are required to adopt the most sophisticated technology, some others are comparatively advanced technology, and the rest the generally applicable technology. All these must be decided in drawing up the national technological transformation plan and the technological transformation plans for different sectors. The formulation of a scientifically well-rounded plan for technological transformation must, in turn, be based on a correct policy for the industrial structure.

THIRD, ENSURING FURTHER DEVELOPMENT OF TOWN AND TOWNSHIP ENTERPRISES ALONG THE RIGHT TRACK:

The rapid development of town and township enterprises is a natural trend in the modernization of China. Town and township enterprises have been booming in the past few years and will surely further develop in the days to come. But a lot of problems have yet to be dealt with and solved in order to keep these town and township enterprises further developing along the right track. With regard to the development of industry in towns and townships, we have to properly deal with their internal industrial structure as well as the relationship between industrial enterprises in towns and townships and cities. The town and township industrial setup is not sound enough both in terms of its internal structure and its relationship with its urban counterpart. [paragraph continues]

For example, according to a survey, of the gross output value of the town and township enterprises in a certain area of southern Jiangsu, the industrial enterprises serving agriculture share about 9 percent, the food industry accounts for only 2.16 percent, while the light and textile industries, with the chemical fiber textile industry as their key link, share 63 percent, and the machine-building and building materials industries share 26 percent. Such a structure is perhaps unreasonable. Generally speaking, in the vast rural areas of China, one of the focal points of the development of town and township enterprises should be the preliminary processing of agriculture products and the services prior to and after production. Much work has to be done to implement this guideline. In brief, in order to actively support and conscientiously guide the development of town and township enterprises and to properly handle the internal and external relations of the rural industrial structure, we must enhance the study of industrial policies.

FOURTH, PROMOTING FOREIGN TRADE AND RAISING FOREIGN EXCHANGE EARNING:

Promoting foreign trade is one of the essential conditions for modernization. In the "Report on the Seventh 5-Year Plan," Comrade Zhao Ziyang pointed out: "Earning more foreign exchange by increasing exports is the key to expanding economic trade and technological exchange with foreign countries." This principle is completely correct. In order to earn more foreign exchange by expanding foreign trade and export, we must try our best to improve the export commodity mix. As China's staple export commodities are primary and rough processed products, it is necessary to gradually shift our stress from the export of primary products to that of finished products, and from that of rough processed products to that of fine processed products. It is evident that the improvement of the export commodity mix must be based on the improvement of the industrial structure and, therefore, it is necessary to study industrial policies. China's import commodity mix must be modified as well. For example, excessively high quality consumer goods were imported in the past few years. The solution to this issue demands that the improvement of the import commodity mix be linked to the study of the policy on the industrial structure.

In saying that it is necessary to strengthen the study of industrial policies, we do not mean that we had no industrial policy in the past. China's first 5-Year Plan did clearly define a whole set of industrial policies. The country achieved tremendous sucesses that astonished the whole world in its socialist economic construction during that period. This showed that the industrial policies practiced at that time, which generally conformed with objective circumstances, were correct or basically correct. Our country has also accumulated much experience in formulating and implementing industrial policies since the First 5-Year Plan period and has scored conspicuous results in the study of industrial policies in the past few years. Both the gradual rationalization of China's industrial structure during the Sixth 5-Year Plan period and the stipulations concerning industrial policies embodied in the Seventh 5-Year Plan have fully demonstrated our achievements in this regard.

Such being the case, why do we reiterate the necessity of enhancing the study of industrial policies now? In my opinion, there are several major reasons.

First of all, China had made serious mistakes over a long period. For example, in placing undue emphasis on the growth rate of industrial and agricultural production, we put forth the wrong principle of raising the growth rate at the expenses of the balance between different economic sectors, which led to disproportions in the development of various economic sectors and poor economic results. Overemphasizing industry at the expense of agriculture, and overemphasizing heavy industry at the expense of light industry led to the disproportions between agriculture, light industry, and heavy industry. The implementation of the policies of taking grain as the key link for agriculture and taking steel as the key link for industry not only obstructs the overall development of agriculture and industry, but also the development of grain and steel production. Moreover, since we ignored commodity circulation while attaching sole importance to production and failed to let commerce and service trades play their due roles, commerce and services trades remained underdeveloped over a long period. Although most of these mistakes have been overcome and the rest are now being corrected, we still have to make a more thorough study so as to handle in a more appropriate way all these relations and certain complicated issues.

Second, some past mistakes were due to deeply rooted theoretical and methodological factors. For example, as a result of the one-sided understanding of the law of priority in the growth in production means, heavy industry was overexpanded at the expense of agriculture and light industry. Since the labor involved in commodity circulation was regarded without exception as nonproductive labor which does not create any value, the importance of commercial service was ignored. It was true that we had to concentrate in the past our attention on the relations between the two major economic sectors and between agriculture, light industry, and heavy industry in the study of the industrial structure in the past. Actually, not only did we fail to attach importance to the study of the relations between the primary, secondary, and tertiary industries. This made it difficult for us to have a comprehensive understanding of the law of development of the industrial structure and gave rise to biased or even wrong policies. Of these theoretical and methodological problems, some have been noted or resolved, and the others have not been brought to the attention of most people. There even exist some old conventions restraining people's minds. For this reason, we must boldly blaze new trails and emancipate our minds.

Third, the theory of socialist product economy was the guiding ideology for our industrial policies in the past, but from now on, the theory of socialist commodity economy should be taken as the guiding ideology for our industrial policies. The traditional product economy theory was not only the theorectical basis of the traditional economic administrative structure, but also the theoretical basis of the economic development strategy and the industrial policies in the past. It is within the frame of reference of the subjective and objective qmphwoions in the First 5-Year Plan period that we have made the above statement that our country's industrial policy for that period was, on the whole, correct or basicallly correct. In fact, the industrial policy for that period was not geared to the needs of development of the socialist commodity economy. [paragraph continues]

It failed to give full play to the regulatory role of the market mechanism, but rather emphasized and actively sought the expanded influence of the mandatory plan and the unified distribution of products. Such a policy, based on the product economy theory, may not meet the needs of the development of a planned commodity economy. Much has yet to be further explored in the future in formulating industrial policies to meet the needs of the socialist commodity economy.

Finally, we are still facing some other new circumstances and new problems in the study of industrial policies. For example, as the masses' living standard is improving due to increase in income, China is in the transition from the stage of just sufficient food and clothing to the well-off stage, and the residents' consumption pattern is undergoing rapid changes. Therefore, ensuring that the industrial structure will keep up with the rational changes in the consumption pattern is a very complicated problem. The new technolgical revolution which is now on the upsurge throughout the world will certainly have an important influence on the industrial structure. Under such a circumstance, it is by no means easy for China as an economically backward developing country to build up in light of its national conditions an industrial structure which will be readily adaptable to the new technological resolution. Moreover, as our country is now in the midst of the reform of economic structure, we can no longer copy indiscriminately those policies which were proved effective in the past. Although the industrial policies currently practices by foreign countries should used for reference, we should not indiscriminately copy them either. As the economic structure is in the process of reform, some industrial policies still have to be readjusted or modified along with the reform. All the above circumstances and issues required us to enhance the study of industrial policies.

Through the study of industrial policies, we are to formulate a set of scientifically well-grounded and feasible industrial policies which suit our national conditions (including the policies on the industrial structure, industrial organizations, industrial technology, and so on). To achieve this goal, we must also study the factors conditioning and the law governing the development of the industrial structure. At the same time, we must study the fundamental tenets, principles, methods, and theoretical basis that guide the formulations of the industrial policies and we must make use of the experience of our country and foreign countries in formulating industrial policies. Thus it can be seen that the study of industrial policies, which covers a log of ground, is a complicated and arduous task.

RENMIN RIBAO ON IMPORTANCE OF NOTARY WORK

HK130420 Beijing RENMIN RIBAO in Chinese 10 Jul 86 p 4

[Commentator's article: "Seriously and Conscientiously Do a Good Job in Notarization and Authentication Work"]

[Text] The notarization and authentication of economic contracts is a glorious task entrusted by law to state notary organs and to industrial and commercial administrative organs. It is an important job which helps protect socialist economic order and promote the healthy development of the commodity economy by legal means.

Since the "PRC Provisional Ordinances on Notarization" came into force, state notary organs and industrial and commercial administrative departments in various parts of the country have done a great deal of work in notarizing and authenticating economic contracts according to the relevant provisions of state laws and policies under the principle of voluntary participation. They have played a positive role in protecting the legal rights and interests of citizens and legal entities, in reducing invalid contracts, in preventing and exposing economic crimes, in ensuring the implementation of state plans, and in promoting lateral economic relationships.

Notarizing contracts means that state notary organs prove the veracity of economic contracts according to legal procedures. This is state supervision over the signing and implementing of economic contracts. Authenticating contracts means that the contract management departments of industrial and commercial administrative organs are responsible for examing whether the persons concerned are qualified to sign contracts and whether what is included in contracts is true and legal. In short, in notarizing and authenticating economic contracts, they must strictly examine the veracity and legality of contracts, whether the two sides concerned are qualified to sign contracts, and whether the contents of the contracts correspond with state laws, policies, and plans, for the sake of ensuring the quality of notarization and authentication.

Following the deepening of economic structural reform, the development of the commodity economy, and the constant improvement of the application of legal means to economic management work, more and more people in various fields in society have demanded the notarization and authentication of economic contracts. Their demands on the quality of this work are becoming more strict. Therefore, governments at all levels are required to strengthen the ranks of notaries and authenticators, and notary and authentication organs in various localities should strive to improve work efficiency and quality. Notaries and authenticators should straighten out their guiding principles for work, devote more efforts to the study of policies and legal knowledge, pay attention to professional ethics, improve the quality of their vocational work, and resist and overcome unhealthy conduct. They should resolutely not notarize or authenticate economic contracts which violate state laws and policies. A small number of notaries and authenticators who notarize and authenticate economic contracts at will without examination or do so for the sake of obtaining fees must be seriously criticized and given education, as this practice will lead to the issuance of wrong or counterfeit certificates. Those involved in serious cases must be given the necessary punishment.

Notary and authentication organs are law enforcement organs of the state. Cadres of notary and authentication organs must strictly follow the law in their work and provide excellent legal services for economic reform and construction. In the course of notarizing and authenticating economic contracts, if notaries and authenticators find that the economic contracts being handled violate laws and policies, or if they discover some operational problems with the legal entities of certain enterprises, they should promptly report this to the leading organs concerned and make suggestions on straightening out the problems found, so that notarization and authentication organs can play their role in exercising legal supervision over economic contracts.

China's economic structural reform is at present developing profoundly. Notarization and authentication work faces many new situations and problems. [paragraph continues]

Contracts containing terms and conditions with no laws or regulations to refer to, but which urgently need notarization and authentication, should be handled in the spirit of promoting reforms and the implementation of the policy of opening up to the world and enlivening the economy, under the principle of protecting the legal rights and interests of the legal entities and civilians concerned, by carrying out investigations and studies, and in reference to the relevant legal provisions and policies, so as to ensure the smooth carrying out of economic structural reform.

PRICE SUPERVISION, INSPECTION STRENGTHENED

HK140431 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0319 GMT 11 Jul 86

[Report by Reporter Zhang Liang: "China Strengthens Supervision and Inspection of Prices"]

[Text] Beijing, 1 Jul (ZHONGGUO XINWEN SHE) -- More than 28,000 part-time commodity price inspectors are actively working in the markets of over 260 cities in China. Under the guidance of the commodity price departments, they put stress on inspecting the prices of the commodities in the "vegetable baskets" of city residents and various service charges. Therefore, they are called by the city residents "Bao Gong in the markets." [Bao Gong is an upright magistrate in some Chinese traditional dramas] While giving an exclusive interview to this ZHONGGUO XINWEN SHE reporter, Xu Kangmin, director of the Commodity Price Inspection Department of the State Administration for Commodity Prices, said that the result of the commodity price supervision and inspection by the masses in recent years has been very good. Up until February of this year, over 500,000 large and small cases in violation of discipline had been investigated and handled in the whole country, involving fines of over six million yuan. In order to strengthen the supervision and inspection of commodity prices, in 1984 the State Administration of Commodity Prices set up a special commodity price inspection department and commodity price inspection units in localities at or above the county level, employing over 20,000 permanent inspectors responsible for stabilizing retail commodity prices in markets and controlling the means of production prices. In 1985, over 440 million yuan in fines was collected for violation of commodity price discipline.

While talking about the significance of commodity price inspection, director Xu said that in 1985 China took the first step in the reform of the commodity price system, namely, and basically harmonized the price of grain in the rural areas, gradually removed control over the price of non-staple food like pork, vegetables, and so on, readjusted short-distance railroad freight and further removed control over the prices of small commodities. These most sensitive areas are the most difficult aspects to reform. Some producers and managers often hike prices indiscriminately and in a disguised form, affecting the markets and disturbing public feelings. Therefore, strengthening commodity price management, supervision and inspection work after the reform is very important in stabilizing the markets. In order to consolidate, digest, replenish and improve those adopted measures for commodity price reform and to continue to strengthen the work of supervision and inspection, departments concerned are revising the "provisions for commodity price management" and enacting the "provisions for commodity price supervision and inspection," so as to perfect the means of enforcing the law and to gradually accomplish the enactmentment of the "commodity price law."

ECONOMIC COMMISSION URGES IMPROVED EFFICIENCY

OW120445 Beijing XINHUA Domestic Service in Chinese 1204 GMT 9 Jul 86

[Excerpts] Beijing, 9 Jul (XINHUA) -- At today's meeting on general office work for production, a responsible person of the State Economic Commission said: Low economic efficiency is an outstanding problem. During the second half of this year, various districts and departments must exert strenuous efforts to change this situation.

According to the meeting, China witnessed an extremely high growth rate in industry and communications in the first half of 1984, and it still maintained a definite rate of growth in the corresponding period this year. The economic situation in the entire country is indeed fine. The encouraging signs are: Light and heavy industries have developed in a coordinated way. Energy and raw material production is steadily rising. Light industrial, textile, and readily marketable products are greatly increasing. The market is brisk, while the volume of export merchandise has markedly increased. China has also overfulfilled its targets in communications and transportation. Currently, our major problems are: Our economic efficiency is not ideal. Production costs are high, while profits and tax payments to the state are dropping. Revenues are lower than the production growth rate. Particularly, the quality of some of the products remains low. For example, the quality of one-third of the 75 categories of products checked by the state was poor. One-third of the products spot-checked by the state failed to meet standards. It is for the is reason that, during the second half of this year, we must pay attention to improving production quality, reducing energy and material consumption, and making up deficits, while increasing profits.

Comrade Deng Xiaoping recently pointed out: We cannot only stress production quantity. We must also pay attention to production quality. In order to open our export market, the key issue is quality when production quality is low, the products will become less cmpetitive. In the past, we only stressed output value and quantity instead of quality. Actually, the most important issue is production quality. The responsible person of the State Economic Commission called on various districts and departments to earnestly study Comrade Deng Xiaoping's view, truly adhere to the principle of "quality first", quicken their pace in meeting international standards, and strengthen quality control in an overall manner. [passage omitted]

The responsible person of the State Economic Commission said: To reduce energy and material consumption, we must boldly rely on the masses, develop technical innovations with emphasis on "increasing production, practicing economy, and lowering energy and material consumption," and try our best to save and rationally use energy. We must actively apply scientific and technial achievements in saving energy and raw materials, encourage workers and staff members to make rational proposals, and adopt measures to combat energy and material waste. Various enterprises must set up and improve the system to assess proficiency in reducing material consumption. [passage omitted]

The responsible person of the State Economic Commission said: In dealing with the continual increases in losses on a large scale among enterprises suffering deficits, the various departments in charge of this matter must treat this as a significant problem. All enterprises which have suffered loss, particularly those under poor management, must be dealt with individually and instructed to adopt effective measures to make up the deficit within a given period. [passage omitted]

The responsible person of the State Economic Commission emphatically pointed out: In carrying out industrial production during the second half of this year, various departments and districts must persistently make reforms, strengthen management, invigorate various enterprises, further develop production in industry, communcations, and commodity circulation, simultaneously increase economic efficiency and industrial production, and link production speed with efficiency.

Attending the meeting were responsible persons of the departments concerned under the State Council. Comrades from the Ministry of Metallurgical Industry, the Ministry of Railways, and the Ministry of Water Resources and Electric Power reported on the production situation in their respective ministries. Vice Ministers of the State Economic Commission, Yuan Baohua and Lin Zongtang, also addressed the meetin.

XI ZHONGXUN, OTHERS ATTEND ZHANG SHENFU SERVICES

OW130941 Beijing XINHUA Domestic Service in Chinese 1336 GMT 12 Jul 86

[Excerpts] Beijing, 12 Jul (XINHUA) -- A ceremony for paying the last tribute to Zhang Shenfu, well-known democratic personage and old friend of the Chinese Communist Party, was held at the Babaoshan Cemetery for Revolutionaries this afternoon. Comrade Zhang Shenfu died in Beijing on 20 June 1986 at the age of 93.

Comrade Zhang Shenfu's remains were placed among fresh flowers and green cypress branches. In the auditorium were flower baskets sent by Comrades Deng Xiaoping, Peng Zhen, Deng Yingchao, Xu Xiangqian, Nie Rongzhen, Hu Qiaomu, Deng Liqun, Wang Zhaoguo, Cheng Zihua, Xu Deheng, Peng Chong, Zhou Gucheng, Chu Tunan, Yang Jingren, Kang Keqing, Ji Fang, and Yang Chengwu and by the State Council, the CPPC National Committee, the Central Committee of the Chinese Peasants and Workers Democratic Party, the Central Committee of the China Democratic League, the General Office of the CPC Central Committee, the Propaganda and United Front Work Departments of the CPC Central Committee, the Ministry of Culture, the Bejing Library, and the Hebei Provincial People's Government.

Over 200 people attended the ceremony for paying the last tribute to Zhang Shenfu. They included Xi Zhongxu, Yao Yilin, Bo Yibo, and Huang Hua; responsible persons of departments concerned including Zhu Houze, Yan Mingfu, Wang Meng, and Zhou Shaozheng; members of the Standing Committee and members of the CPPCC National Committee who were in Beijing at the time; members and alternate members of the Central Committee of the Chinese Peasants and Workers Democratic Party who were in Beijing at the time; representatives of the staff and workers of the Beijing Library; and comrade Zhang Shenfu's friends.

Comrade Zhang Shenfu hailed from Xian County, Hebei. He died as a member of the Sixth CPPCC National Committee, adviser to the Central Committee of the Chinese Peasants and Workers Democratic Party, and researcher of the Beijing Library. [passage omitted]

He helped Comrade Li Dazhao prepare the formation of the Communist Cell in Beijing in 1920, worked for the founding of the CPC, and was one of the earliest CPC members. [passage omitted]

LEADERS ATTEND MEMORIAL SERVICE FOR COMRADE

OW122015 Beijing XINHUA Domestic Service in Chinese 1223 GMT 11 Jul 86

[Excerpts] Beijing, 11 Jul (XINHUA) -- Comrade Yang Shiming, former deputy commander of the Nei Monggol Production and Construction Corps, died of illness in Beijing on 29 June at the age of 79. A ceremony to pay last homage to Comrade Yang Shiming's remains was held today in the auditorium of the Babaoshan Cemetery for Revolutionaries. Nei Rongzhen, Yang Dezhi, Qin Jiwei, Wang Zhen, Song Renqiong, Wang Ping, Xiao Ke, Cheng Zihua, Zhang Aiping, Dong Giwu, and Yang Chengwu sent wreaths to the ceremony.

Qin Jiwei, Wang Ping, and Yang Baibing were among those attending the ceremony. [passage omitted] Comrade Yang Shiming was a fine member of our party and an outstanding military commander and political worker in our Army.

QIAO SHI ADDRESSES MEETING OF DISABLED GROUP

OW121424 Beijing XINHUA in English 1206 GMT 12 Jul 86

[Text] Beijing, July 12 (XINHUA) -- The government and society should care the handicapped people, paying more heed to their life, employment, education, medical care and recreational activities, Chinese Vice-Premier Qiao Shi said here today.

Addressing a meeting of the China Organization Commission of the United Nations "Decade of Disabled Persons" (1983-92), Qiao urged concerete measures to be taken to improve the welfare of the handicapped and ensure their participation in social life. He suggested that the Ministry of Labor and Personnel and State Education Commission work out special policies to protect the handicapped in education and employment.

The State Planning and Economic Commissions and the Ministry of Finance should also support the factories run by the handicapped in technology, materials and personnel training, he said.

"The work for the handicapped could make progress only with the help of the government, but it should be well coordinated with the country's economic development," he stated. The vice-premier promised that his government will support the U.N. activities. He also called government departments to cooperate with the China Organization Commission in this respect.

FUJIAN SECURITY ORGANS CRACK KMT ESPIONAGE CASES

OW090627 Fuzhou FUJIAN RIBAO in Chinese 28 Jun 86 p 1

[By correspondent Lin Guang and reporter Rao Shanghao]

[Text] (FUJIAN RIBAO report) Fuzhou's state security organs recently cracked three cases concerning hidden secret agents serving Taiwan's Kuomintang [KMT]. The four secret agents -- Zheng Chengyun, Shi Xijun, Liu Xinzhuo, and Huang Chuanrong -- have been arrested according to law.

Taiwan KMT secret agent Zheng Chengyun, 45, used to be secretary of the Fuqing County Knitwear Plant party branch. Poisoned by reactionary ideas spread by secret agents sent from Taiwan and lured by material benefits and money, he betrayed the party and the people, submitted an "application," and joined Taiwan's secret service in March 1985. Later he was appointed by the Taiwan KMT Military Intelligence Bureau to be a "special correspondent in the Fuqing area" responsible for collecting information about Fuqing County's party, government, and military affairs at the instruction of Taiwan's secret service. Taiwan's KMT secret service dispatched secret agents into Fujian to contact Zheng on many occasions and gave him training in using invisible ink and secret codes, as well as $1,450 and equipment for carrying espionage activities. At the agents' instruction, on two occasions Zheng secretly delivered our party's classified documents to Taiwan's KMT secret service, and received an "award" of $500.

Taiwan KMT special agent Shi Xijun, 41, used to be a cadre of the Fujian Technical Art Industrial Corporation. Obsessed with the desire for money, Shi, while engaged in trade with Taiwan, expressed his intention to write against communism and gave his father's picture and biographical notes, as well as a letter of his own, to the Taiwan authorities through a special agent. Later Shi was recruited to be a member of the Taiwan KMT secret service. In his application to be an agent Shi pledged to work for "reunifying China under the three principles of the people," received $300 for espionage activities, and was appointed by the Taiwan KMT Military Intelligence Bureau as chief of the Fuzhou "66035" unit. After joining the secret service Shi began to carry out espionage activities such as collecting intelligence and stealing secret information. He sold important classified documents of the central and provincial authorities to the Taiwan KMT secret service for a price of $1,000.

Taiwan KMT secret agent Liu Xinzhuo, 27, is a native of Tantou town in Changle County. Disguised as a carpenter, he travelled from place to place to engage in speculative business. Pursuing the decadent living style of the bourgeoisie, he made it a regular practice to show and watch videotaped pornographic movies. In June 1983, Taiwan's secret service decided to recruit Liu to be one of its personnel. In May 1985, after filing an "application" to join the secret service, he became a member of the Fuzhou "66035" unit under the Taiwan KMT's Military Intelligence Bureau and was given the duty of establishing liaison and recruiting secret service personnel. As a secret agent he was trained to transmit information with invisible ink and he received money for carrying out espionage activities. On many occasions he used invisible ink to report China's military and economic intelligence and the main points of classified documents to Taiwan's secret service. He was also responsible for establishing contacts with Shi Xijun, another hidden secret agent in Fuzhou, recruiting two other people to join their secret organization, and reestablishing connections for two former KMT armed secret agents who had been released after being reformed through labor. Because of his work he was "commended" by the Taiwan KMT secret service. Last March he got a lump sum of $6,000 for carrying out espionage activities.

Taiwan KMT special agent Huang Chuanrong, 30, was a fisherman of Dinghai village in Lianjiang County. While engaging in smuggling activities at sea in July 1985 he was lured by the Taiwan KMT secret service with money and material benefits. Subsequently he joined the secret service, became chief of the "3037" hidden group, and received the secret service's training in recruiting new members and collecting intelligence. Following secret codes, Huang and four other local fishermen that he had drawn to this side at one time or another secretly went to the designated area on the sea to contact the Taiwan KMT secret service, thus accomplishing all the procedures of joining the KMT secret service. At the Taiwan secret service's instruction the gang operated extensively, gathering military and political intelligence and large numbers of journals for inner distribution by buying, swindling, and stealing, and delivered them to the secret service via the sea. Because of his active service Huang was twice "commended" by the secret service and was given nearly 20,000 yuan for carrying out activities. Last March Huang secretly went to Mazu and had a private "audience" with a chieftain of the Taiwan KMT secret service. The secret service also planned to send him to Taiwan for more espionage training, but he was captured by the state security organ just as he was about to leave.

JIANGXI'S WAN SHAOFEN AT LITERARY, ART CONGRESS

OW101347 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 6 Jul 86

[Excerpts] The fifth congress of Jiangxi literary and art workers opened in Nanchang today. Provincial party, government, and military leaders, including Wan Shaofen, Xu Qin, Jiang Zhuping, Wang Baotian, (Wu Xuezhen), and Wang Shufeng, and leaders of the Jiangxi Provincial CPC Committee Propaganda Department, the provincial Cultural Department, and the Jiangxi and Nanchang Federations of Literary and Art Circles attended the congress. [passage omitted]

In his congratulatory speech, Xu Qin, deputy secretary of the Jiangxi Provincial CPC Committee, said: Representatives of literary and art workers from all localities of the province have gathered here to sum up the basic experince in literary and art work since the last congress and to study ways to further improve this work in the new historical period. [passage omitted]

Xu Qin said: Six years have passed since the fourth congress of Jiangxi literary and art workers. Thanks to the concerted efforts of our province's literary and art workers, our literature and art have progressed and flourished under the guidance of the party's policy of literature and art. The various societies under the provincial Federation of Literary and Art Circles and such federations in the various prefectures, cities, and counties have initially developed into a fairly comprehensive networks of literary and art organizations, which have assisted the party in guiding literary and art work. Party committees at all levels should continue to improve their leadership in this work, continue to eliminate "left" ideas, refrain from labeling or persecuting any body, and avoid interference in this work by issuing excessive administrative orders. Party committees should dispatch a number of comrades who are versed in literature and art to literary and art departments and units to make friends with writers and artists, for this will promote closer ties between the party and literary and art workers and further develop literature and art in our provinces.

Xu Qin said: Being an old revolutionary base area, Jiangxi has a glorious historical and cultural tradition. Although we have made some achievements in literary and art work, we still lag behind in some respects. We should rid ourselves of complacency, but we should not underestimate our own capabilities.

We should note that there are favorable conditions, as well as great potential, for developing literature and art in our province. We earnestly hope that literary and art workers throughout the province will continue to follow the guidelines of the Fourth Session of the Sixth NPC, the National Conference of Party Delegates, and the second enlarged plenary session of the eighth provincial CPC Committee, and make new contributions to invigorating Jiangxi and its literature and art. [passage omitted]

The China Federation of Literary and Art Circles, the Chinese Writers Association, and Comrade Fang Zhichun sent congratulatory cables and letters to the current congress.

ZHEJIANG CADRES HELP RURAL PARTY RECTIFICATION

OW140359 Beijing XINHUA Domestic Service in Chinese 0026 GMT 13 Jul 86

[Excerpts] Hangzhou, 13 Jul (XINHUA) -- When party and government offices at various levels in Zhejiang recently assigned cadres to help conduct party rectification in the countryside, a pleasant situation arose -- party-member cadres vied for the chance to go to the countryside.

Party rectification at the basic level in Zhejiang's countryside will fully unfold by the end of this month. In view of the fact that the number of units to conduct party rectification is currently huge, conditions are quite complex, and problems to be tackled are many, the Zhejiang Provincial CPC Committee decided to have offices at all levels send certain cadres to the countryside to guide party rectification and do liaison work. Shortly after the document was issued, all offices completed the mission. A crack contingent was thus formed.

"Volunteers" featured prominently in this contingent. According to a survey by a department concerned, of the more than 40,000 cadres going to the countryside, a large proportion took the initiative in volunteering for the assignment, rather than being assigned. [passage omitted]

In some units, the top two leaders volunteered for the job, or both husband and wife applied. Some old retired comrades also volunteered. They had not been included in the assignment. Of the 500-odd cadres sent by provincial-level units, over 160, or 32 percent, were leading cadres at the bureau, division, or section level. [passage omitted]

Of its own accord, the General Office of the provincial government not only sent its cadres to Panan County, where conditions are less favorable, but planned to send cadres to this county on a regular basis to help it after the party rectification task is completed.

HEBEI SECRETARY SPEAKS AT CADRE RALLY

SK120050 Shijiazhuang HEBEI RIBAO in Chinese 28 Jun 86 pp 1, 2

[Text] On the morning of 27 June, Xing Chongzhi, secretary of the provincial CPC Committee, delivered a speech entitled "Uphold Reform, Revitalize the Provincial Capital, and Lead the Provincial Economic Development" at a rally of cadres at and above the township level held by the Shijiazhuang City CPC Committee and government. Comrade Xing Chongzhi said: As the provincial capital and the political, economic, cultural, and scientific and technological center of the whole province, Shijiazhuang City should take the lead in reform and construction in the province. The provincial CPC Committee hopes that under the leadership of the city CPC Committee and government, workers, peasants, intellectuals and the masses of cadres throughout the city will unite closely, exert concerted efforts in reform along the course charted by the CPC Central Committee, work diligently and in a down-to-earth manner, make the work of the provincial capital successful to take the lead in the province, and make greater contributions to the revitalization of Hebei.

Comrade Xing Chongzhi put forward four opinions.

1. We should persistently give top priority to reform and strive to create more and better new experiences. Proceeding from the objective demand of China's economic and social development, the CPC Central Committee and the State Council have placed reform above everything else during the Seventh 5-Year Plan period. As Shijiazhuang City is one of the selected cities of the country and the province in piloting the overall reform, continuously pushing reform forward is all the more significant. Since 1984 it has gained an experience in the "collision and rebound style" of overall reform, thus playing a leading role in thr province, and favorably influencing other provinces. With the impetus of reform, the economic development of the city has been fairly rapid over the past 2 years. Following this, we hope that it will exert unremitting efforts, actively make progress, and continue to win new successes. We should note that the urban reform is only at its initial stage, and the future tasks remain very arduous. As a pilot city for reform, Shijiazhuang should develop ahead of others and play a guiding role. In line with the requirements of developing situation, it should transform single-item reform into coordinated reforms in all fields and partial reform into overall reform, and continuously make new explorations. We hope that the masses of cadres and people of Shijiazhuang City will take the lead in making explorations on such questions as what the new economic structural pattern with the characteristics of our country is; how we should carry out the three major reforms to invigorate enterprises, improve the market system, and establish and perfect the indirect macroeconomic control system as set forth in the state's Seventh 5-Year Plan; how we should change the functions of governments in economic management, and then reform the administrative organizations successfully; how we should "consolidate, assmiliate, supplement and improve" the reforms that have already been carried out and make good preparations for the advancement of next year's reform; how central cities should develop lateral economic cooperation and perfect the system of having cities lead the surrounding countries; and how the reforms in political, cultural and other fields should be conducted in coordinated with economic structural reform.

To push reform forward, we should properly handle the overall relationship between reform and construction. This year the province should guarantee an 8-percent and strive for a 10-percent increase in its industrial growth rate, which should be realistic without exaggeration. This means that the growth rate, profits and taxes, and revenues should increase simultaneously on the premise that economic results are improved, labor consumption is reduced, production quality is upgraded, and products are marketable. A very important way to achieve this is to carry out reform persistently and successfully. We should always pay attention to placing reform above all other work and, through it, push forward the national economy to achieve good economic results.

2. Under the new situation in which macroeconomic guidance and control have been enhanced, efforts should be made to further enliven enterprises. Macroeconomic control and microeconomic flexibility represent the inner demand of the work of developing the commodity economy, are interdependent, and complement each other. Macroeconomic control means that the state conducts guidance and adjustment among the economic activities of enterprises in order to enable their business activities and orientation to be suitable to the demand of developing the national economy. Of course, the work of conducting macroeconomic control should be carried out in an adequate manner. The current major problem cropping up in economic work is not to fully enliven the economy and also not to enliven the economy excessively. We must clearly note that enlivening enterprises is both the starting point and end result of the drive to conduct reforms in the economic systems in urban areas. Therefore, the effectiveness of the work of conducting macroeconomic control should be the important sign of reinforcing the vitality of enterprises. Cadres at all levels, particularly the cadres of the economic departments, should master the method of integrating macroeconomic control with microeconomic flexibility in an organic way and should open a new road. While applying the necessary administrative measures, efforts should be made to concentrate on mastering the method of applying economic and legal measures in order to upgrade the strength of macroeconomic indirect controls. We should inspect enterprises one by one concerning the work of delegating power to them. As for the power that deserves to be delegated, that has been held or withdrawn, and that has been delegated in a false way, we should resolutely return it to the enterprises. We should also resolutely delegate the power that has not been delegated to the enterprises in line with the documents in this regard. Efforts should be made to continuously consolidate the administrative companies and to eliminate "intermediate obstacles" in delegating power to enterprises. We should also conduct earnest inspection over the problem of apportioning expenses to enterprises arbitrarily in order to lighten their burdens and to improve their business circumstances.

In enlivening enterprises, external conditions are necessary and internal efforts are also inevitable. Each enterprise should persistently pay attention to their internal efforts, do a good job in using the self-determination power, and should concentrate on establishing internal associations, conducting technical renovations, and on enhancing management. At present a good job should be done in vigorously enforcing the system of having the plant chief (manager) assume full responsibility, improving various economic responsibility systems, enhancing the quality control of enterprises in an all-round way, readjusting the product structure, actively increasing the variety of new products, and in tapping the latent power of enterprises in order to upgrade the quality of enterprises in an overall way. The key to successfully conducting reforms and enhancing management among 1the enterprises lies on the unity displayed by the leading bodies and on the concerted efforts exerted by the party committees, the administrative departments, and the trade unions. [paragraph continues]

Plant chiefs who represent the legal persons of enterprises are the principal leaders of the plants. Various social circles should actively support or conduct coordination with them in order to enable them to fully exercise their power and to realistically assume overall responsibility for leading the enterprises to conduct reforms and to promote production and business.

3. Efforts should be made to sum up the experience gained in work in a timely manner in order to achieve new developments in establishing lateral economic associations. Accelerating the pace of establishing lateral economic associations is the important content of the current drive to conduct reforms in the economic systems. Over the past 2 years Shijiazhuang City has scored marked achievements and has achieved rapid development in establishing lateral economic associations. These associations should be established on the basis of exploiting strong points and avoiding shortcomings, adopting various styles, and of achieving mutual benefit and development. "Voluntariness" is the basis and premise of establishing lateral economic associations. We should prohibit anyone from establishing lateral economic associations in a high-handed way and by "seeking partial interests and insisting on their own selection." The principle of "exploiting strong points and avoiding shortcomings and of adopting various styles" is aimed at proceeding from reality, meeting the needs of local areas and enterprises, bringing into play the strong points in various fields, organizing the association of various categories, and at achieving the best group benefits. The principle of "achieving mutual benefits and development" is the criterion of dealing with the relationship among the economic interests earned in the joint operation and also is the purpose of our tasks to develop economic associations. Now, some enterprises dare not to join the associations and do not know how to join the associations, thus, resulting in a closed situation. Some have paid much attention to their own interests and less to others' interests, and have paid much attention to enterprises benefits and less to social benefits. They have always attempted to gain extra advantages. Some have actively engaged in establishing economic associations while being hard up in both production and business. They have attempted to "suppress or merge others" as soon as they have achieved a better turn in business, or have refused to honor the agreements signed in establishing the economic associations. All of these practices are not favorable to consolidating and developing such economic associations.

We should fully understand kthat the lateral economic cooperation which we have advocated is sincere cooperation among the economic entities with the status of legal persons. On the basis of voluntary participation, equality, and mutual benefits, the economic entities may carry out production, operations, and scientific research. In economic cooperation, the saving of profits must be rational and the partners must take risks jointly and share the benefits equally. The economic associations must firmly keep their credit, keep themselves within the bounds of the cooperation rules and lthe economic contracts on their own initiative, and actively fulfill their obligations. The judicial departments should safeguard their legal rights and interests in terms of the law. Only thus can they establish steady and long-term cooperative ties and attain the goal of common development.

4. We should further promote the spirit of blazing new trails and seeking truth from facts and continue to deepen reform. Presently, in order to deepen reform, our cadres at all levels should continue to maintain a mental state of vigorously forging ahead, boldly blazing new trails, being firm and indomitable, and pioneering the road of advance. Leading cadres, in particular, should all the more do the same. Under the new situation of carrying out reforms in all fields, those persons who do not have the spirit of reform and blazing new trails should not assume leadership work or be put in important positions. [paragraph continues]

One thing worthy of our attention is that some comrades have slackened their efforts in displaying the spirit of daring to blaze new trails. They are overcautious while handling some things which should be popularized or reformed. It has been learned that such a situation should be attributed to their fear of taking risks, making mistakes, being targets of criticism and punishment, and so forth. Such an ideological sentiment merits our attention. Our reform is a new great cause and an extensive and profound great change; therefore, it requires our efforts to make bold exploration. It is hard to avoid risks, obstacles, and defects in the cause of exploration. It is all the more unavoidable to have problems and contradictions of one type or another, particularly under the current situation in which the coexistence of the old and new systems and the replacement of the old with the new has emerged. Some comrades said that they have become panic-stricken at certain news. In this regard, we should analyze the situation and carefully study where the news comes from and to which nature it belongs. Generally speaking, the trend of firmly carrying out reform from the higher to the lower levels is playing a dominant role, stimulating the people to participate in reform. There are also evil trends incompatible with reform or disrupting reform; however, they will not get anywhere. Regarding the evil trends, first, we must resist them, and second, we must check them. It is no use to fear these evil trends, for there is no way for retreat. A correct attitude will enable us to resist pressure, to eliminate obstacles, and to persist in carrying out reform with an indomitable will.

To promote the spirit of blazing new trails, we should combine the directives of the central authorities and the higher levels with the specific situation in our own localities and units and carry out our work creatively. As I have just mentioned above, the coexistence of two economic systems and the replacement of the old with the new as well as the gradual transition of the old system to the new one are one of the important features emerging in the current situation of structural reform. Under such a situation, the coexistence of the two operational mechanisms (the planning mechanism and the market mechanism), two prices (state fixed price and market price), and two organizational structures (vertical and lateral structures) and the imbalances in reform have made us encounter a very complicated situation. Therefore, it is all the more necessary for us to proceed in our work from the actual situation in our own localities and units, and to make the directives of the central authorities and the higher levels our definite goal. It is impossible for us to do our work well by just copying the directives mechanically. Some problems may be handled flexibly within the prescribed limits of the macroeconomic policies issued by the central authorities and the higher levels. We may also experiment with those things on which the central authorities and the higher levels have not issued directives, provided that these things are beneficial to the country and the people. We should allow the pilot units to continue to try out those controversial issues in the course of reform in accordance with their original reform plans provided that these issues do not go against the overall policies and principles stipulated by the central authorities and the higher levels and that they are beneficial to the development of production. All localities, particularly the central cities, should have more flexibility in organizing, regulating, and managing the economy. We should be good at using these issues to promote reform and to develop the economy.

To protect the enthusiasm of the cadres and people for reform, party and government leaders at all levels should stand in the forefront of reform and support and encourage it with a clear-cut stand. We should adhere to the following principles. First, we should commend the advanced examples who have the courage to create the new with an enterprising spirit, criticize and educate those who suppress and obstruct reform, and strictly deal with those who slander the people engaged in reform. [paragraph continues]

Second, we should adopt the method of "one dividing into two" when making appraisals of the units and persons engaged in reform to distinguish the essentials from the nonessentials. We should not give up out of fear our support to reform whenever problems, even minor ones, arise, and even blame the people who conduct reform. With regard to their mistakes in work, we should warmly help them sum up experiences and lessons and refrain from adopting an oversimplified method to make unwarranted charges against them. Mistakes in reform are permitted, but refusing to carry out reform or setting obstacles are not. Third, pertinent departments should obtain the approval of local CPC committees before they send investigation groups to ascertain the problems of the enterprises and their major responsible persons that are advanced in reform. They should first talk with directors (managers) and secretaries who are involved, and should not send investigation groups when they have basically made a clean breast of their problems. When the investigation group is necessary to clarify important problems, departments should cooperate in the investigation instead of sending investigation groups individually. When problems are clarified, they should be made known to cadres and people within a certain scope. Fourth, with regard to anonymous letters which expose problems, we should not publish them in restricted publications, or conduct investigations on them. When investigations are deemed necessary, we should first transfer the letters to the persons whose problems are exposed, listen to their appeals, and then organize personnel to conduct investigations and verification when we think that problems do exist. With regard to signed letters, we should investigate to make sure that the signed persons do exist at certain units. If the signatures are false, the letters should be treated as anonymous letters. Fifth, slanders, when investigated and verified, should be strictly dealt with. Those guilty of slander should have their criminal liabilities pursued. If the above-mentioned five principles are followed, people active in reform will have more courage to do their work.

Our advocation of and support to the enterprising spirit in reform does not mean that we can do whatever we wish. We should combine the enterprising spirit with a realistic approach. Strategically speaking, we should be brave in creating the new and fear no risks. Tactically speaking, we should be prudent, give meticulous guidance, and take sure steps to advance. When working out every plan for reform, we should conduct investigations and study and give detailed arguments. When implementing the plan, we should carry out meticulous and painstaking work, solve problems in a down-to-earth manner, and ensure realistic results. In this way, we will be able to avoid major mistakes in reform, minimize the minor ones, and guarantee the sound development of reform.

This rally is a follow-up to Shijiazhuang City's relay and implementation of the guidelines of the provincial forum on developing lateral economic cooperation, and Comrade Xing Chongzhi's speech. At this rally, Jia Ran, secretary of the Shijiazhuang City CPC Committee, gave a speech to dwell on five issues: understanding the major contradictions in the economic activities of Shijiazhuang City and enhancing the sense of urgency in eliminating poverty and achieving affluence; persistently giving top priority to reform, and mustering a powerful force to promote reform; greatly developing lateral economic cooperation; deepening the "collision and rebound style" of overall reform, continuing explorations and creating the new, and further invigorating enterprises; and proceeding from reality in doing work in a creative manner.

HEILONGJIANG SECRETARY ON DEMOCRACY, LEGAL SYSTEM

SK080901 Harbin HEILONGJIANG RIBAO in Chinese 22 Jun 86 pp 1, 3

[Article by Sun Weiben, secretary of the Heilongjiang Provincial CPC Committee: "Strengthen Democracy and the Legal System and Fully Perform the Functions of Organs of State Power"]

[Text] To build socialism with Chinese characteristics in the economic field we should not only conduct reform, open to the outside world and enliven the economy but also, in the political field, we should develop socialist democracy and improve the socialist legal system. Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee has adopted a series of major measures to strengthen democracy and the legal system for the purpose of both summing up and drawing lessons from the historical experiences gained since the founding of the country, and suiting the urgent needs in the new situation of reform, opening to the outside world and the four modernizations. Comrade Deng Xiaoping pointed out: "Without democracy, there would be no socialism or socialist modernization." He also pointed out: "To accomplish the four modernizations, we must attend to two fields because attending to only one field will not do. Attending to two fields means that we should grasp construction with one hand, and the legal system with the other." These strategic ideas put forward by Comrade Xiaoping represent a concrete combination of the universal truth of Marxism with the practice of building socialism with Chinese characteristics, and also are an important development of the theory of the people's democratic dictatorship in new historical conditions.

In developing socialist democracy and improving the socialist legal system, the concerted efforts of the whole party and whole society are indispensable. The most essential content of socialist democracy is that "all powers belong to the people," and that the people manage the country as masters. It is necessary to perfect the socialist legal system and systematize and legalize democracy if we are to safeguard the people's democracy. The core of systematizing and legalizing democracy is to uphold the system of the People's Congress. In this sense, to improve the People's Congress system, strengthen the organization and work of the People's Congress standing committees, and fully perform the functions of the organs of the state power is the key to strengthening democracy and the legal system.

The People's Congress system is the basic political system of our country, and a democratic system to ensure that the people are masters of their own affairs, and take the destiny of the state, the nation and their own into their hands. The National People's Congress is the supreme organ of state power, and the local people's congresses at various levels are local organs of state power. It is one of our party's important tasks to strengthen the organs of state power and give full play to the role of the people's congresses and their standing committees. The People's Congress standing committees at various levels of our province have been established for more than 6 years. Generally speaking, the CPC committees in most localities have attached importance to the work of the people's congresses. Since they implemented the instructions of the CPC Central Committee and the provincial CPC Committee on strengthening the work of people's congresses, they have reinforced the People's Congress standing committees ideologically and organizationally and supported the local organs of state power in carrying out their work according to law.

Last winter and spring, many city, prefectural and county CPC committees held special meetings on the work of people's congresses to relay the guidelines of the provincial forum of chairmen of city and country People's Congress standing committees; study anew the relevant instructions of the CPC Central Committee and the provincial CPC Committee; discuss such issues as strengthening democracy and the legal system, bringing into better balance the relations between the organs of power on the one hand, and executive and judicial organs on the other, and further performing the functions of the People's Congress standing committees; sum up and exchange some good experiences; and discover where they lagged behind in ideology and work. They reached the view that due to the influence of the vestiges of feudal ideas, "leftist" ideas, and the forces of old habits, the problems of making no distinction between the administraton of party and government, replacing government administration with party administration, replacing the law with words, and replacing the law with power had yet to be completely solved; the outdated thinking, leadership, and work methods had not been completely changed; and some comrades had a weak sense of respect for democracy, the legal system, and the state and, therefore, failed to meet the needs in reform, the four modernizations, and building socialism with highly developed civilization and democracy. This fully showed that strengthening democracy and the legal system, improving the People's Congress system and fully performing the functions of the people's congresses and their standing committees are arduous long-term tasks requiring continuous hard work of the whole party. At present, we should emphasize the following five issues:

First, we should continue to properly solve ideological problems. As has been proved in the practice of various localities, whether or not the functions of local organs of state power are successfully performed is decided, to a very great extent, by whether or not we have a clear understanding of the nature, status, and functions of people's congresses and their standing committees, and, in particular, whether or not CPC committees at all levels have a clear understanding of them. At present some comrades, some leading comrades in particular, fail to note the developing trend of socialist democracy and the legal system, and agree only in words that the People's Congress work is important but in deeds do not place it in their agenda. In view of such confused ideas, therefore, we should continuously publicize the legal status of people's congresses and their standing committees and, by integrating theory with practice and citing the characteristics of the state system and the political system of our country, explain that the establishment of local People's Congress standing committees at various levels is an important reform of the state's political system and leadership system, represents a need in running the country according to law, and reflects the inexorable law of the development of the history of our country. We should make the masses of cadres and people understand clearer that building local organs of state power successfully and giving full play to their functional role have a very important significance in developing socialist democracy and improving the socialist legal system, in discussing and deciding on the major issues in various fields of their administrative areas and managing the state affairs, in strengthening the people's supervision over the personnel of state organs and eliminating bureaucracy, and in arousing and developing the people's enthusiasm and promoting the four modernizations.

Second, we should support the people's congresses and their standing committees to perform their duties according to law. Issues that should be submitted to the people's congresses and their standing committees for discussions in line with the stipulations of the Constitution and the law should be submitted to them for discussions and decisions so as to ensure their functions, powers, and responsibilities. Last year's National Party Congress put forward the draft Seventh 5-Year Plan on the basis of this proposal and submitted it to the fourth session of the Sixth NPC for discussion and approval. [paragraph continues]

In this way, the Seventh 5-Year Plan would have legal effect, and we would be more able to mobilize the people of various nationalities throughout the country to implement it. The fourth session of the sixth provincial people's congress, which concluded not long ago, also discussed and approved the draft Seventh 5-Year Plan put forward by the provincial government. The process of having the party put forward proposals, the government formulate draft plans, and the organs of state power discuss and approve them fully embodies the people's democratic right of being the masters of their own affairs and administering the state. Supporting the people's congresses and their standing committees to perform their duties according to law is an important aspect of perfecting the state system and changing the sole reliance on policies in doing work into dual reliance on policies and laws, an important measure to solve the problems of making no distinction between party and government administration and replacing government administration with party administration, and also an important means for realizing the party's political leadership in the new historical period.

Third, we should further reinforce the People's Congress standing committees organizationally. Local People's Congress standing committees at various levels are local organs of state power, and also work organs, which shoulder very heavy tasks. Therefore, we should do a good job in electing members of their leading bodies according to law. We should pay attention to electing veteran comrades with noble character, high prestige and rich experiences, and young and middle-aged cadres in the prime of life who understand and ardently love People's Congress work in order to gradually realize the ladder-shaped structure of leading bodies and maintain consistency in work. Work personnel of the organs of the People's Congress standing committees should also meet the requirement for being more revolutionary, younger, better educated and more professionally competent, and should be treated equally as the cadres of party committee and government organs in training and employment. The staffing of the organs of some city, county, and district People's Congress standing committees is not perfect enough and fails to meet the needs in work, and therefore should be replenished.

Fourth, we should attach importance and give play to the role of the people's deputies. The people's congresses are composed of the elected people's deputies. Attaching importance and giving play to the role of the people's deputies is important for the people to exercise their power of managing their own affairs and administering the country. The people's deputies are different from ordinary citizens and ordinary personnel of state organs, and the title of "people's deputy" is not honorary title. They are component members of the organs of state power at various levels, and honorable envoys of citizens for exercising the power of masters and managing important state and local affairs. In a word, the most essential characteristic that "all powers belong to the people" as stipulated in the Constitution should be embodied through the activities of the people's deputies. Because the people's deputies possess such a status, every one of them should always be aware of his responsibility entrusted by such specific legal status, and actively participate in the various activities of People's Congress organizations with a strong sense of responsibility as masters. The activities should not be limitd to meetings but should cover rich pre- and post-meeting activities, such as conducting inspections, maintaining contacts with electors, conducting investigations and study, soliciting opinions, giving publicity to the resolutions of congresses, and assisting the governments in doing work. Pre-meeting activities are preparations for the activities at the meetings, and post-meeting activities are the continuation of them. The post-meeting activities of one meeting also represent the pre-meeting activities of the next. For this reason, the activities at a meeting and those outside the meeting are supplementary to each other and consistent, and should be carried out regularly during the entire enture. [paragraph continues]

To strengthen democracy and the legal system and peform the functions of the organs of state power, the people's congresses and their standing committees at various levels have to carry out their work in many fields, of which the core is to organize well the regular activities of the people's deputies and help them exercise their duties and powers in their own election districts and units. The deputies' right to vote at congresses is based on the great amount of investigations and study and the opinions of the masses of various fields conducted and solicited before the congress, and is exercised according to the electors' will. The regular activities of the deputies are very important to ensuring the accuracy of the policy decisions of every congress. When the quality of the activities of the deputies improves, the people's congresses will play an increasingly prominent and greater role in strengthening democracy and the legal system. These two are directly proportioned. Party and government organizations at all levels should provide the necessary guarantee and convenience for the regular activities of the deputies. The first is the legal guarantee, such as that for the personal rights, freedom of speech and full expression of the will of the deputies. The second is to provide necessary material conditions for the deputies to exercise their responsibility and duties. The third is that the personnel of state organs, social organizations, enterprises and establishments should regard it as their obligation to actively provide the actual situations to the people's deputies. In this way, the people's deputies will be able to fully and accurately report the actual situation in the work of various fields, reflect at the congresses the people's true desires and demands, and ensure the accuracy and the feasibility of the policy decisions of the congresses. Throughout the province there are more than 120,000 people's deputies who are distributed over all fronts and living among the masses. They are the people who have the clearest understanding of whether or not the party policies, state laws, and People's Congress resolutions are implemented at the grass roots, and of the people's opinions and desires. With their role fully played, we will be able to throb with the pulse of the masses in a timely manner, reduce mistakes in our work, and make all our undertakings more successful in line with the people's will.

Fifth, party organizations, the party's leading cadres, and party members should take the lead in enforcing the law and acting according to law. The Constitution stipulates: "The people of various nationalities throughout the country, all state organs and armed forces, all political parties and social organizations, and all enterprises and establishments should regard the Constitution as the basic criterion for their activities, and they shoulder the responsibility for safegarding the dignity of the Constitution and ensuring its implementation." The party Constitution stipulates: "The party should carry out its activities within the framework of the Constitution and the law," and party members should "take the initiative in abiding by party discipline and state law." Ours is a ruling party. If party organizations at all levels, the party's leading cadres, and every party member act according to such requirements, there will be a guarantee for socialist democracy and legal system. The present problem is that in our actual life, the phenomena that the law is not abided by and strictly enforced and that lawbreakers are not duly punished are not few, and violations of legal procedures in appointing and removing cadres also occur frequently. This dampens the enthusiasm of the people's deputies and committee members for discussing politics, impedes the performance of the functions of local organs of state power, and damages the prestige of local organs of state power. Party and government organs at all levels should attach importance to such problems and resolutely solve them. Party leadership is totally in keeping with, instead of being against, acting according to law, which will not weaken party leadership but will improve and strengthen party leadership. Comrade Peng Zhen recently pointed out: Some people ask "whether it is the party or the law which is more powerful." The answer to this question is actually very clear. The party leads the people in formulating the Constitutions and the law, it again leads the people in abiding by and enforcing the Constitution and the law, and it should also carry out its activities within the framework of the Constitution and the law. If the situation is otherwise in China, socialist democracy and legal system will be out of the question.

NATIONAL DEVELOPMENT SEMINAR OPENS 14 JUL

Yu Spells Out Goals

OW142117 Taipei CNA in English 1031 GMT 14 Jul 86

[Text] Taipei, July 14 (CNA) -- Premier Yu Kuo-hwa said Monday the Republic of China [ROC] aims at more than becoming a developed nation before the turn of the century.

"What we are after is not limited to quadrupling over per capita income in the next 14 years. More importantly, we want to develop a higher quality of life," Yu said at the opening session of the 1986 National Development Seminar.

The theme of this year's development seminar is "Marching toward the rank of developed nations."

Yu said the Republic of China will march toward the goal of a modern society across the board in a rational and orderly manner.

Vowing not to let Peiping challenge the survival of free China, the premier declared, "On the contrary, we will share the fruits of development with our 1 billion compatriots on the mainland."

Yu recalled that the ROC was called "backward country" only three decades ago. From that lowly position it rose to become a "developing nation" and is now termed one of the "newly industrializing nations." Furthermore, Yu noted, the Republic of China has been singled out as one of the major targets of trade protectionism, revealing the extent of progress here.

Yu said progress was achieved here not because the nation has rich resources but because it has a free, democratic and stable political system, because its 19 million people are hard working patriots and because the country has the support of Overseas Chinese communities all over the world.

President Chiang Ching-kuo also sent a message to the opening meeting of the seminar hailing the participants for their achievements in their respective fields. Chiang said that as the nation is entering a new stage of development, the government needs their advice in carrying out development programs. The president urged them to take advantage of the meeting to play an part in the great tasks facing the nation.

Discussions at this year's seminar will center on drawing up a blueprint for economic development up to the year 2000.

Of the 215 participants to the seminar, 134 are from overseas and 81 are local scholars and experts. Among the overseas participants, 107 are from the United States, 11 from Europe, 5 from Canada, 8 from Japan, and one each from South Korea, Hong Kong and the Philippines.

The government started sponsoring the annual seminar in 1972.

Chiang Cites 'Blueprint' for Future

OW142123 Taipei CNA in English 1354 GMT 14 Jul 86

[Text] Taipei, July 14 (CNA) -- President Chiang Ching-kuo of the Republic of China said Monday that now is the time for this nation to step up efforts to bring the three principles of the people to the Chinese mainland.

In a written message read at the opening ceremony of the 1986 National Development Seminar at the Asiaworld Plaza Hotel in downtown Taipei, President Chiang said that the government based in the national recovery bastion of Taiwan has made vigorous efforts to promote national development in the past 30-odd years and "has created a bueprint for the future of China."

"Judging from the achievements we have made, the nation is capable of placing itself in the ranks of the developed countries in the near future," President Chiang said.

This year's seminar, with the theme of "advancing into the ranks of the developed nations," is aimed at pooling together the wisdom of domestic and Overseas Chinese experts and scholars to map out the modernization of the nation, President Chiang said.

In addition to lauding the patriotism of the participants in the meeting, President Chiang praised the achievements of the last several national development seminars, saying they have made great contributions to the development of the nation.

President Chiang said that he hopes that the participants will offer still more concrete suggestions in the next few days of discussions to make this seminar a success.

Commentary Praises Seminar

OW142140 Taipei CNA in English 1427 GMT 14 Jul 86

[Text] Taipei, July 14 (CNA) -- The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled "Collective Wisdom for Nat'l Development":

The 1986 National Development Seminar opened in Taipei today with 215 Chinese scholars attending. The theme of the meeting is "Marching toward the rank of developed nations." It is a pertinent theme, as the Republic of China [ROC] on Taiwan is well on its way to becoming a developed nation.

During the next 12 days, the discussants will deliberate on these topics -- strategies for development in agriculture, industry and services, education and manpower, society and culture, technology, capital and money market development, regional development, planning of an overall transportation system on Taiwan and the information industry and telecommunications.

The participants, including 194 men and 21 women, are well equipped for the tasks assigned to them. This is evident in the fact that all of them have received postgraduate training, including 155 PH.D's. Nearly two thirds of the participants are expatriates residing in the United States. They all hold teaching or research posts abroad. Some of them are senior executives in foreign companies. Their participation in the seminar testifies that they have not forgot their mother country.

The expertise of the seminar participants is very much needed in the Republic of China, which is a front-runner among the newly industrializing countries [NIC] racing to join the rank of developed countries. The topmost task of the nation at this moment is to solve the problems resulting from the transition from the NIC status to that of a fully developed economy.

The National Development Seminar, initiated in 1979 following the U.S. derecognition of free China, has been held annually. By pooling the collective wisdom of Chinese scholars at home and abroad for the sake of national development, the ROC Government has acquired a huge think tank.

Until 1985, the annual meeting had dealt with all aspects of national affairs ranging from diplomacy to public health. As most of the problems discussed have been attended to, the emphasis was shifted to national economy last year.

A strong economy is the kind of stuff that gives impetus to progress on all fronts. According to a long-range official projection, free China will have decidedly become a developed nation with a per capita annual income of 13,000 U.S. dollars by the end of the century.

The attainment of this goal will not only ensure free China's continued survival in freedom but will also have a profound impact on the future of China as a whole, as the Taiwan success story will surely inspire the people on the Chinese mainland to adopt the democratic system of free China in place of the bankrupt Marxist-Leninist model.

ECONOMICS MINISTRY CITES FOREIGN INVESTOR FIGURES

OW142150 Taipei CNA in English 1511 GMT 14 Jul 86

[Text] Taipei, July 14 (CNA) -- The Ministry of Economic Affairs of the Republic of China has approved 99 investment applications by Overseas Chinese and foreigners in the first half of this year, with total investment summing up to U.S. dollar 245 million, Economics Ministry officials said Monday.

The officials quoted the statistics compiled by the Investment Commission under the ministry as showing that the electronics and electric appliances manufacturing industries were at the lead of the investment applications, followed by machinery equipment, metal manufacturing, sefvices, and chemical manufacturing.

Japanese investment applications topped U.S. dollar 92 million, the biggest group among all the investors, the officials said.

Trying to seize the opportunity presented by the Japanese yen's appreciation against the U.S. dollar, a mission headed by Hsu Kuo-an, director of the Industrial Development Bureau under the ministry will leave here for Japan in late July to invite more Japanese investments here.

PRC LEADERSHIP SPLIT OVER DAYA BAY NUCLEAR PLANT

HK140242 Hong Kong SOUTH CHINA MORNING POST in English 14 Jul 86 p 1

["Exclusive" by David Chen]

[Text] Serious differences have broken out in China's top leadership over the Daya Bay nuclear plant issue, with one vice-premier fully committed to it and another firmly opposed, according to diplomatic circles.

Outwardly, China has given the impression that the project, less than 50 kilometres from Hong Kong, is to proceed as planned, in spite of widespread opposition from the Hong Kong community.

However, it is understood that the two vice-premiers, Mr Li Peng and Mr Tian Jiyun, hold opposing views on whether the plant should be built at Daya Bay.

As yet, the differences have not come into the open. Analysts believe both Mr Li and Mr Tian are in the running for the premiership and Daya Bay, as well as another colossal energy project, the Three Gorges hydro-electric complex, have become controversial issues on which they base their political arguments.

Mr Li and those in the energy field are strongly in favour of the nuclear plant, arguing that three years of survey work proved that the site was suitable, and that with Chinese expertise and foreign help, safety is fully ensured.

They argue that to back down from the project would be bad for China's prestige.

Mr Li has visited Daya Bay on several occasions to lend his personal support to the project.

But Mr Tian -- a financial expert more attuned to the country's rural and urban reforms -- and his supporters hold the opposing view, arguing that China has adequate energy sources to meet its modernisation programs.

He is, however, less vocal, sources said, and gives his views only in closed-door sessions.

Those supporting Mr Li are mostly technologists, plus those who champion speedy economic reforms.

Support for the nuclear stations received a major morale boost at a recent national conference on science and technology, when scientists stressed that nuclear stations, particularly those designed by China, are safe.

Those who oppose the plant appear to be a mixed group, offering varying reasons for their position.

Indications of the rift became public last week when the local leftwing magazine, MIRROR, suggested in an editorial that China might reconsider relocating the nuclear plant at Daya Bay.

The editorial summarised the arguments both for and against the siting of the plant at Daya Bay, but called on the Chinese authorities to examine the issue "with the greatest caution.'At a time when the antinuclear wave is raging throughout advanced countries, it would be most unwise to show interest in the claim that "French technology is safer than Soviets'," it said.

If such a plant was built with French technology and if an accident did occur, this argument would mean that the superiority of French technology was without question -- so the fault might lie in China's poor management skill.

The editorial said while there should not be arguments as to the establishment of nuclear power stations, this should not be the decisive factor in establishing a plant at Daya Bay.

The editorial advised the Chinese leadership not to overlook the views of Hong Kong people when making the Daya Bay plant decision.

HONG KONG ANTINUCLEAR PETITION SIGNED BY 700,000

HK140250 Hong Kong SOUTH CHINA MORNING POST in English 14 Jul 86 p 1

[Text] An unprecedented 700,000 Hong Kong people have signed a petition against the construction of the Daya Bay nuclear power plant, a campaigner said last night.

In the second wave of a massive signature campaign yesterday, 300,000 people added their names, said a spokesman for the Joint Conference for the Shelving of the Daya Bay Nuclear Plant.

Mr Lau Chin-shek said the signatures would be presented, together with 400,000 gathered in an earlier campaign, to the Chinese Government, the Hong Kong Government and the China Light and Power Company.

These signatures would put great pressure on the authorities concerned to make them give the nuclear project second thoughts.

"This is the first time in Hong Kong history that more than 700,000 people have signed up to support a campaign," he said.

"The signatories come from all strata of society and represent the common wish of Hong Kong people," he added.

Mr Lau pointed out that 700,000 was only an initial figure. There would be more in the next few days when signatures returned through the post.

The joint conference, which organised the signature campaigns, comprises more than 100 labour, environmental, education and religious organisations.

About 1,000 members went to all the Mass Transit Railway and Kowloon-Canton Railway stations at 9 am yesterday to collect signatures.

They brought along banners and posters which called for a safe and unpolluted living environment.

Stickers with the words "We want sunshine, not nuclear power" were also handed out to passers-by.

The campaign ended at 10 pm yesterday.

Meanwhile, an Eastern District Board member is planning to conduct a large-scale survey to find out how Hong Kong people view the construction of the nuclear plant.

PRC ATTEMPTS DOMINATION OF HONG KONG GOLD MARKET

HK130334 Hong Kong SUNDAY STANDARD in English 13 Jul 86 p 1

[By Stephen Morgan]

[Text] China unloaded more than 10 tonnes of gold bullion, valued at over $850 million, in the first four months of this year in what some bullion dealers see as a covert attempt to dominate the local gold market.

This year's imports are a dramatic 375-fold increase over the insignificant $2.27 million worth exported to Hong Kong in the whole of last year.

Some local observers believe the gold sell-off is directly related to the poor state of China's foreign exchange reserves, which are just above the psychological US$10 billion barrier.

Most of the gold bullion or bar arrived in March ($157.81 million) and April ($692.59 million). The May trade statistics, to be released shortly, are expected to show China's gold exports to Hong Kong reaching $1 billion.

These are the largest amounts of gold brought into Hong Kong from China since the bullion trade began to grow in the 1980's: nothing was imported in 1980, and in 1981 there was a mere 15 kg, valued at $1.34 million.

Observers in the bullion and banking industry here are startled by the sudden and massive increase in gold bullion coming from China into a local market already oversupplied.

Although opinions are divided on what China is trying to do -- none wanted to be quoted for fear of jeopardising their relations with China -- much of the gold is believed to have orginated from small, new mines in the Guangdong and Guizhou provinces.

Gold production has been expanded rapidly in an attempt to earn hard currency needed for China's modernisation. Recent press reports state the government has allocated more than 300 million yuan to boost mining this year.

Taking over the Hoing Kong gold market, say some bullion dealers, would enable China to make deals away from prying eyes in the major markets of Europe and North America.

Moreover, it is well known that China has been unloading a lot of gold on the London and Zurich gold markets to raise foreign exchange to meet its huge trade deficit -- variously put at US$7 billion to US$14 billion, depending on whether trade or customs statistics are used.

"We know that China's gold production has increased, and given that they are desperate for foreign exchange it makes sense for them to export gold to any hard currency area," said economics professor YC Yao of the University of Hong Kong.

Added a bullion dealer: "Coming into Hong Kong can be a discreet way of marketing that new gold without anyone knowing. If they go into a market in the States or Europoe, everyone knows."

None of the China gold has been touched by any of the major international bullion houses contacted by the SUNDAY STANDARD. It seems to be firmly in the hands of the Po Sang Bank.

One dealer said that Po Sang had invested in new mines in Guangdong and had a shipment of gold into Hong Kong every week.

He described the Bank of China in its gold dealings as "a very sophisticated outfit" of which the Po Sang Bank is the Local Marketing arm.

This specialisation is directly behind Po Sang's good performance last year which saw earnings up 22.6 percent to $60.6 million and deposits more than double to $3.74 billion.

The managing director of Po Sang, Mr Fong Chi-king, said he had no knowledge of the source of the gold. "Hong Kong is an international gold market and just because we are major dealers that doesn't mean we control the gold from China," he told the SUNDAY STANDARD.

A spokesman for the Bank of China referred any enquiry to the XINHUA NEWS AGENCY, but the propaganda department was sheltering from Typhoon Peggy and not available for comment.

PORTUGAL FORMS INTERMINISTERIAL COMMITTEE ON MACAO

HK130332 Hong Kong SUNDAY STANDARD in English 13 Jul 86 p 2

[By Leonel Borralho]

[Text] Following a meeting of the National Council of Ministers, in Lisbon, on matters relating to Macao, the Portuguese government has decided to form an "interministerial committee" under the President, Dr Mario Soares, to follow the talks on the territory of Macao.

The committee, according to a document available to THE STANDARD, "will be flexible enough to permit it to adopt, instantaneously, the emergency necessities during the talks".

The new committee is, according to the document, under the Foreign Ministry, but it can be also come under any other ministry and organ that have a connection with the "territory of Macao".

The body comes under the "orientation of the Foreign Ministry" to coordinate and adopt measures during the talks on the future of Macao.

Prof Rui Medina, the leader of the Portuguese team that held the first round of talks in Beijing recently, told THE STANDARD in the Chinese capital, that an "ad hoc committee" will be formed to look into Macao's affairs and to follow closely the talks on its future.

"There are more than ample reasons for us to be optimistic regarding the future of Macao," Prof Pinto Machado, the Governor of Macao, said in Lisbon after talking to the Portuguese Prime Minister, Mr Cavaco e Silva.

He added: "There are favourable indications that China recognises the importance of the Portuguese administration in Macao".

Prof Machado raised some optimism among the Macanese population when he assured them, in Lisbon, that "the future of Macao will be rightly orientated and with care".

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FOREIGN MINISTRY HOLDS WEEKLY NEWS BRIEFING

No Direct Comment on SRV's New Leader

HK160300 Hong Kong AFP in English 0237 GMT 16 Jul 86

[Text] Beijing, July 16 (AFP) -- China declined direct comment Wednesday on the change of leadership in Vietnam, saying only that its main concern was that Hanoi alter its policies concerning Cambodia.

"What we are concerned about is that the Vietnamese authorities change their wrong policy on the question of Cambodia," a Foreign Ministry spokesman said in response to questions about Beijing's view on Truong Chinh's appointment as Vietnam's top leader.

Truoug Chinh, head of the State Council, was named Monday to succeed the late Le Duan as head of the Communist Party. The spokesman declined further comment.

Analysts noted that the response stressed China's top concern in its relations with Vietnam without closing off the possibility that the leadership change would result in some policy shift in Hanoi.

The former allies have frequently exchanged artillery attacks on their common border since China briefly invaded Vietnam in 1979 to "teach Hanoi a lesson" after Vietnamese troops rolled into Cambodia, ousting the pro-Beijing Khmer Rouge.

Denies Indian 'Incursion' Charges

OW161038 Beijing XINHUA in English 1020 GMT 16 Jul 86

[Text] Beijing, July 16 (XINHUA) -- A Chinese Foreign Ministry spokesman rejected here today the "unjustified protest" by India against alleged incursion into Indian territory by Chinese frontier personnel.

Some journalists quoted remarks made by an Indian Foreign Ministry official who said that the Indian side lodged a strong protest last month with the Chinese side against the incursion by the Chinese frontier personnel into Indian territory in the area of Sumdorong Valley vicinity in the eastern sector of the Sino-Indian border. They asked the spokesman to comment on it.

At the weekly press briefing here this afternoon, the spokesman said, the Sumdorong Valley vicinity has always been Chinese territory. "It is not only well north of the Sino-Indian traditional customary boundary, but also located on the Chinese side of the line of actual control in the eastern sector of the Sino-Indian boundary," he said.

The Chinese frontier personnel, he told the press, "while on routine patrols in their own territory, did not at all cross the line of actual control between the two sides by a single step. Therefore, the question of intrusion into the Indian territory by Chinese personnel simply doesn't arise."

Over many years in the past, the spokesman pointed out, the Indian personnel in the above-mentioned area have constantly crossed the line of actual control between the two sides, nibbling at and expanding into the Chinese territory.

He said, "The Chinese side has taken a much restrained attitude in order to maintain peace at the border. As is known to all, the Sino-Indian boundary has never ben formally delimited. The so-called 'McMahon Line' is illegal and null and void, and has been recognized by none of the successive central governments of China."

Even judging from the original sketch of the illegal "McMahon Line", the Sumdorong Valley vicinity is located on the north of it, he said, adding that the Indian side has completely distorted the facts.

Japanese Textbook 'Hardly Satisfactory'

OW161050 Beijing XINHUA in English 1033 GMT 16 Jul 86

[Text] Beijing, July 16 (XINHUA) -- A Foreign Ministry spokesman said here today that the approved final version of the new Japanese history textbook is "hardly satisfactory."

Responding to a question at the weekly news briefing, the spokesman pointed out that the textbook "deliberately covers up the basic fact that the Japanese militarists launched the war of aggression against its neighbouring countries and evades the responsibility that the Japanese militarists should bear in its description of some historical events."

He said, on July 7 Japanese Ambassador to China Yosuke Nakae gave a briefing and explanation to Vice-Foreign Minister Liu Shuqing on the outcome of the final examination and approval of the new Japanese history textbook.

"We have taken note of the efforts made by the Japanese Government and removal or revision of a number of obviously erroneous narrations in the textbook. However, the textbook does not have a sound keynote," he noted.

The essence of the question of textbook is whether a correct approach is taken towards that part of history, he stressed. This has always been an important matter of principle in Sino-Japanese relations. Regrettably, however, certain Japanese quarters have failed to treat this question in a serious manner as far as the new Japanese history is concerned.

Nepal Foreign Minister To Visit

OW161044 Beijing XINHUA in English 1017 GMT 16 Jul 86

[Text] Beijing, July 16 (XINHUA) -- Shailendra Kumar Upadhyaya, minister of foreign affairs of Nepal,, will pay a goodwill visit to China from July 31 to August 6 at the invitation of his Chinese counterpart Wu Xueqian, a Chinese Foreign Ministry spokesman announced at the weekly news briefing here today.

Since China and Nepal established diplomatic relations 31 years ago, the spokesman said, friendly cooperation between the two countries has been strengthened in the fields of politics, economy, trade and culture. Particularly in recent years, he said, personnel exchanges have increased, and tourism and cooperation in trade have expanded rapidly between China's Tibet Autonomous Region and Nepal.

Upadhyaya's forthcoming visit to China is expected to help promote the mutual understanding and further develop the friendly relations between the two countries, the spokesman said.

BEIJING REVIEW ON U.S.-SOVIET ARMS TALKS

OW151113 Beijing BEIJING REVIEW in English 14 Jul 86 p 8

[By Zhang Liang]

[Text] The fifth round of U.S.-Soviet arms talks ended on June 26 after 50 days of discussion, with the Soviet Union putting forward a new disarmament proposal. U.S. President Ronald Reagan said that the new Soviet offer could herald serious efforts on the part of the Soviets to cut down on arms and could be "a turning point" in the arms talks.

The Soviet proposal includes a 15-year mutual commitment to the 1972 Anti-Ballistic Missile (ABM) Treaty, and limitation on U.S. Strategic Defensive Initiative (SDI) research. Furthermore, the proposal calls for reductions in offensive weapons, including land-based intercontiental missiles, submarine-based missiles and heavy bombers. These would be kept at an equal level while their carriers would be cut to 1,600 and warheads to 8,000. The proposal states that the settlement on the issue of medium-ranged missiles would not be linked to that of the above weapons.

The Moscow offer is widely viewed as a sign of change in the series of Soviet arms control proposals previously put forward. Although consistently opposing Ronald Reagan's "Star-Wars" scheme, the Kremlin now has given up its insistence on the U.S. abandonment of the programme as a precondition to the reduction of strategic nuclear weapons, and would allow the United States some laboratory research. Moreover, with its proposals on cutting down on long-range missiles and bombers, the Soviets have cast away their requirement that U.S medium-ranged missiles and bombers in Europe and aircraft carriers be included as strategic weapons. But they did demand a 15-year commitment to the ABM treaty on both sides, indicating their aim to slow the United States in its development of strategic defense weapons.

Western observers were surprised by the Soviet offer, made soon after Reagan announced his intention to ignore the Strategic Arms Limitation Treaty II (SALT II). Many believe the proposal was meant to continue U.S.-Soviet arms talks, limit as much as possible the development of SDI and preserve the existence of ABM treaty, which would be endangered with the cancellation of SALT II. Furthermore, the Soviet Union's move would demonstrate to the world its flexibility in approaching arms control and win it time in order to keep itself in line with the United States in strategic forces.

The U.S. response to the Soviet proposal was unexpectedly positive. But at closer look, the reasons become clear. Moscow's proposal conforms with Washington's view that there is no link between the reduction of strategic weapons and SDI, and that SDI does not violate the ABM treaty. Moreover, the Reagan administration has been under heavy pressure from congress at home and Western allies abroad ever since it declared it would not stand by SALT II. Therefore, its ready approval of the Soviet offer will deliver it from the present unfavourable situation and help it go on bargaining with Moscow. Reagan doesn't want to ask for trouble as mid-term congressional elections are approaching.

Yet, it is generally believed that the positive posturing of the two countries has so far only created a reconciled atmosphere, while in fact neither knows for sure what sort of arms reductions will be accepted. In fact, it is hard to imagine the two superpowers coming to any formal agreement at this point. The Kremlin is preoccupied with its request for U.S. commitment to the ABM treaty for at least 15 years, and hopes to curb SDI research. The White House, on the other hand, has stressed the need for amendments to the Soviet proposal before it would be accepted.

BRZEZINSKI ON CLOSER SINO-U.S. RELATIONS

OW151922 Beijing XINHUA in English 1217 GMT 15 Jul 86

[Text] Beijing, July 15 (XINHUA) -- Former assistant to the U.S. President for national security affairs Zbigniew Brzezinski said today that in recent years the American-Chinese relationship -- which enjoys widespread and bipartisan support in the United States -- has become mature and comprehensive. Speaking at a meeting attended by more than 400 Chinese scholars and specialists on international affairs, and diplomats, Brzezinski said, "We can expect our cooperation to widen as China's ambitious and historically significant modernization program gains momentum. And the United States will undoubtedly play a substantial role in China's efforts through trade and transfers of technology."

China's global weight and power affect the overall international balance, while its geostrategic position is critical to the independence and security of the Far East periphery of the Eurasian landmass, he stressed. This is why the American-Chinese relationship plays such a vital role in the preservation of Eurasia's political balance, he noted.

He held that the "friendship" is not an alliance, but involves the recognition that their shared interests are more important than their various differences. "Our friendship is not only in the joint interests of our two countries, but also in the interests of Japan and Western Europe, both of which also oppose the domination of Eurasia by any single power. All that in turn gives our relationship also its global geopolitical significance," he pointed out.

On the Taiwan question, he said America respects the determination of the Chinese people to work out this problem in a peaceful fashion and in their own way. Most Americans, he said, appreciate China's recent free-exchange initiatives for trade, communications, and family contacts across the Taiwan Straits, which he called "a positive development."

On arms control, he said any agreement must involve progress in several aspects. An agreement must reduce the number of strategic warheads with a first-strike capability below the number of targets that it would be necessary for either side to destroy in a first strike. Besides, it must effectively exclude the further modernization of all strategic systems, he said.

He expected that there would be a chance for a U.S.-Soviet summit in December this year. However, there should be no preconditions. He predicted that the most that can be obtained from such a summit are some limited and interim arrangements in regard to arms control, but not a "comprehensive, wide-ranging, very ambitious new arms control agreement". "More likely, specific aspects will be selected for some partial progress, which will be presented to the public as a significant outcome," he said.

Brzezinski also stressed the importance of the Afghan issue by saying that the future of Afghanistan has become not a local but a wider regional issue, which has an impact on the future of Pakistan and Iran. To settle the Afghan issue, he called for more external aid to the Afghan resistance, greater efforts to publicize the issue and a sustained diplomatic effort for a political solution to the war. He pointed out that the guiding formula in pursuing a peaceful settlement of the issue should be one that guarantees the external neutralization and the internal self-determination of Afghanistan.

Talks With Li Peng

OW151116 Beijing XINHUA in English 0946 GMT 15 Jul 86

[Text] Beijing, July 15 (XINHUA) -- Foreign trade has been "very important to China's economic development," Vice-Premier Li Peng told Zbigniew Brzezinski, former U.S. President Jimmy Carter's national security assistant, at a meeting today. Still, Li said, foreign trade and investment have not been "decisive" in the development process. "Ultimately, China relies mainly on its own resources" and produces more than 80 percent of the equipment it needs, he said.

However, he explained, for development to continue at current rates there must be an end to its foreign trade deficit with such countries as the United States and Japan. "If this kind of trade deficit exists for a long period, trade volume for both sides will drop," he said. "So China hopes Western countries will import more of its products."

China's policy of opening to the outside world, its imports of advanced foreign technology and its economic growth all depend "to a great extent" on balanced foreign trade, said Li.

China uses a barter system in trade with the Soviet Union and Eastern Europe, he said. "That way revenues and expenditures are balanced for both sides," he explained. Li also exchanged views with Brzezinski on issues of common concern.

SINO-AMERICAN YANGTZE RIVER EXPEDITION SETS OUT

OW150624 Beijing XINHUA in English 0611 GMT 15 Jul 86

[Text] Beijing, July 15 (XINHUA) -- A 27-member Sino-U.S. expedition team is now on its way for the source of the Yangtze River in the Geladaindong Mountain in Ginghai Province, northwest China, and then nine of them will try to sail down China's longest river, according to a cable arriving here today.

They set out yesterday morning from the base camp on the bank of the Tuotuo River, a source of the Upper Yangtze River, for the Geladaindong, the cable said. They will stay at the Geladaindong Mountain for 12 days, and then boat down to Yibin City in Sichuan Province.

The whole journey covers 3,200 kilometers and will take 75 days. The team will shoot a two-hour documentary film about its expedition and the landscapes of the area, the traditions and customs of the people living along the Yangtze River.

PRC-U.S. JOINTLY-PRODUCED FILM PREMIERES IN U.S.

OW121150 Beijing XINHUA in English 0808 GMT 12 Jul 86

[Text] Washington, July 11 (XINHUA) -- "A Great Wall", the first feature film jointly financed and produced by the United States and China, made its debut here today.

A comedy, the movie describes how a Chinese-born American computer engineer, after failing to get a promotion, takes his American-born wife and son to visit his relatives in Beijing.

The movie depicts the generation gap as well as the cultural differences between Americans, Chinese-Americans and Chinese. Most of its scenes were shot in Beijing and the portrayal of the life of ordinary Beijing residents is very real. THE WASNINGTON POST praised the movie for its combination of "old world inscrutability and yankee ingenuity" and its amusing dialogue.

"A Great Wall" has also been shown in San Francisco, New York, Boston and other cities.

U.S. Agreement To Discuss SALT II 'Conditional'

OW152118 Beijing XINHUA in English 1533 GMT 15 Jul 86

[Text] Washington, July 15 (XINHUA) -- The United States has agreed to a Soviet proposal for a special meeting next week to discuss President Ronald Reagan's decision to abandon the SALT II Treaty, according to press reports here today. But the White House has mad the meeting conditional on Soviet agreement that other issues, including alleged Soviet violations of the treaty, could be raised.

White House spokesman Edward Dijereijian said yesterday that President Reagan "has completed his examination" of the Soviet request for a special meeting on his controversial SALT II decision, and "we have communicated with the Soviet Union through diplomatic channels." He refused to say whether the Soviet request had been accepted or rejected. But another government official, who demanded anonymity, told the press that Reagan had agreed to a meeting on July 22.

Reagan announced on May 27 that the United States will no longer be bound by the SALT II Treaty by the end of the year because the treaty was "deeply flawed" and had been violated by the Soviet Union.

Moscow criticised Reagan's decision and sought a meeting of the standing consultative commission, joint Soviet-U.S. group established in 1972 to monitor the SALT agreements, to get a U.S. clarification.

The U.S. approval of the meeting was seen here as the latest in a series of attempts by the Reagan administration to send positive signals to Moscow concerning arms control and American desires for a second summit meeting.

FANG YI MEETS WITH U.S. UNIVERSITY PRESIDENT

OW151544 Beijing XINHUA in English 1200 GMT 15 Jul 86

[Text] Beijing, July 15 (XINHUA) -- Chinese State Councillor Fang Yi discussed educational cooperation here today with Theodore M. Hesburgh, president of the University of Notre Dame, in the United States. The University of Notre Dame has received more than 70 Chinese visiting scholars and students in the past few years.

Hesburgh and his colleagues came here as guests of the Chinese Academy of Sciences. They have held talks with Chinese departments concerned on matters related to China's joining of the newly established international advisory board for the Notre Dame's Institute for International Peace Study and the acceptance of three Chinese students at the institute.

SOVIET UNION AGREES TO NUCLEAR TEST MONITORING

OW152014 Beijing XINHUA in English 1434 GMT 15 Jul 86

[Text] Moscow, July 15 (XINHUA) -- The Soviet Union has agreed to the monitoring of all nuclear tests, including on-spot monitoring, Soviet Foreign Ministry Spokesman Gennady Gerasimov said today. Gerasimov said that monitors have been set up around the nuclear test areas in the Soviet Union. Now no nuclear test can avoid the monitors, he said, adding that his country will also monitor U.S. nuclear tests.

The Soviet Union has sent special delegates to Yugoslavia, India, Mexico and Greece to transmit Soviet leader Mikhail Gorbachev's oral message on disarmament, Gerasimov said. He did not reveal any details. But he said the message emphasizes the importance of solving disarmament issues speedily.

SOVIET SCIENTIST ON NUCLEAR TEST VERIFICATION

OW150614 Beijing XINHUA in English 0602 GMT 15 Jul 86

[Text] Moscow, July 14 (XINHUA) -- Verification of nuclear tests is possible and will be the first step for reducing the threat of a nuclear war, a Soviet academician said today. Yevgeniy Velikhov, vice chairman of the Soviet Academy of Sciences, told a press conference here that "the latest achievements in seismology preclude the possibility of uncontrolled staging of any nuclear explosions."

The press conference was held in connection with a three-day international forum of scientists for a nuclear test ban. About 200 scientists from 35 countries attended the forum.

Velikhov said that the forum hailed the agreement between the Soviet Academy of Sciences and the U.S. National Resources Defense Council (NRDC), which allows experts from the two countries to set up seismic equipment near Semipalatinsk, the Soviet Union's main underground nuclear test site, 2,900 kilometers southeast of Moscow and in the Nevada desert where the United States conducts its nuclear testing.

The Soviet Communist Party newspaper PRAVDA said today that scientists of the two organizations are setting up seismic equipment in Semipalatinsk. It is the first time that Western experts have been allowed to install monitoring equipment anywhere in the Soviet Union. The experts will provide both the U.S. and the Soviet Governments with data about nuclear tests and earthquakes in the region.

According to the agreement last May, a group of Soviet scientists will also go to Nevada to set up similar equipment later this year.

Meanwhile, citing U.S. Government officials, THE NEW YORK TIMES reported last Thursday that the United States and the Soviet Union have tentatively agreed to discuss issues of verifying the underground testing of nuclear weapons.

DPRK DELEGATION ENDS TREATY CELEBRATION VISIT

OW151132 Beijing XINHUA in English 0724 GMT 15 Jul 86

[Text] Beijing, July 15 (XINHUA) -- A Korean party and government delegation left here for home this afternoon after attending the celebrations marking the 25th anniversary of the China-Korea Treaty of Friendship, Cooperation and Mutual Assistance.

The delegation is headed by Yi Chong-ok, member of the Political Bureau of the Korean Workers' Party Central Committee and vice-president of the Democratic People's Republic of Korea.

Before their departure Wan Li, member of the Political Bureau and member of the Secretariat of the Chinese Communist Party Central Committee, and acting premier of the State Council, bid a farewell to the Korean guests at the State Guesthouse here.

Wan Li congratulated the delegation on its successful visit to China. Yi Chong-ok said the exchange of visits by the two delegations on the occasion of the anniversary celebrations has contributed to the bilateral friendly relations.

Yi Chong-ok described his delegation's visit as a "very successful", adding that they were leaving China with a great happiness.

Zhu Liang, head of the International Liaison Department of the CPC Central Committee, also saw the delegation off at the State Guesthouse.

The Korean delegation toured the Jingshan Park and visited the Yili food company in Beijing here this morning.

CPPCC OFFICIAL MEETS JAPANESE YOUTH DELEGATION

OW141132 Beijing XINHUA in English 1023 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- Lu Zhengcao, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, met a delegation from the World Youth Visit Exchange Association of Japan here today.

Lu recalled the history of Sino-Japanese friendship and hoped that the young people of the two countries will carry on the friendship from generation to generation.

The delegation, headed by permanent council member of the association Futoshi Fujii, had visited cities of Shanghai, Kunming and Xian before its arrival here last Saturday.

The Japanese association has retained its friendly relations with the All-China Youth Federation since 1974.

INDIA TO ACQUIRE SOVIET MIG-29 FIGHTERS

OW141008 Beijing XINHUA in English 0949 GMT 14 Jul 86

[Text] New Delhi, July 14 (XINHUA) -- India is expected to acquire MiG-29 fighters under a newly finalized memorandum of understanding with the Soviet Union for their purchase, the local press reported today. India would thus become the first country outside the Soviet Union to acquire this latest model in the Soviet Air Force inventory.

It is expected that more than two squadrons of MiG-29 would be purchased outright in fly-away condition and "substantial" numbers are likely to be assembled and produced indigenously at Hindustan Aeronautics Limited (HAL), the report said.

A high-level delegation consisting of senior officials of the Ministry of Defense and the Indian Air Force recently visited Moscow to conclude the memorandum of understanding. The final contract, considered as only a formality, has not been exchanged yet, the report said.

The MiG-29, codenamed Fulcrum by the North Atlantic Treaty Organization, incorporates the latest in avionics and is considered to be superior to U.S. F-16.

It is fitted with large pulse doppler lookdown/shootdown radars, giving it day and night all-weather operating capabilities against low-flying targets and freedom from outmoded ground control interception techniques.

The armament on the MiG-29 includes six A-10 or close range AA-11 air-to-air missiles and two pylons under each wing and one under each engine airduct.

ZHAO ZIYANG GREETS NEW BANGLADESH PRIME MINISTER

BK151149 Beijing International Service in Bengali 1530 GMT 14 Jul 86

[Text] Premier Zhao Ziyang of China, in a telegram to Bangladesh Prime Minister Mizanur Rahman Chowdhury on 12 July, conveyed his sincere greetings to the latter for being elected prime minister of Bangladesh. In his message, Zhao Ziyang expressed his belief that the existing cordial relations and cooperation between China and Bangladesh will certainly continue to develop during his tenure of office.

FANG YI MEETS INDIAN SCIENTISTS DELEGATION

OW141004 Beijing XINHUA in English 0937 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- State Councillor Fang Yi met a delegation from the National Science Academy of India headed by President C.N.R. Rao. Lu Jiaxi, president of the Chinese Academy of Sciences was present on the occasion. The Indian guests arrived here July 12.

FURTHER REPORTAGE ON ZHAO ZIYANG'S EUROPEAN-AFRICAN TRIP

No Nuclear First Strike by PRC

HK160528 Beijing CHINA DAILY in English 16 Jul 86 p 1

[By staff reporter Guo Zhongshi]

[Text] Madrid -- Chinese Premier Zhao Ziyang said on Monday China would not use nuclear weapons first under any circumstances, and would never use them against countries without nuclear arms.

Speaking at a dinner given by Spanish Prime Minister Felipe Gonzalez, Zhao said China had "decidedly reduced its military expenditure and armed forces, although it spends far less than other big countries."

He told his hosts China would never form any kind of alliance with the superpowes, never take part in an arms race and always stood for the complete prohibition and destruction of all nuclear weapons.

He said: "We appreciate the effort Spain and other Western European countries have made to push the US and Soviet Union to disarm and realize a low-level military balance."

"On the question of maintaining world peace, which is closely connected with the fate of mankind," he said, "every country, large or small, strong or weak, rich or poor, has a right to speak and can make worthwhile contributions."

He said Sino-Spanish ties, which had been developing smoothly and steadily since the establishment of diplomatic relations in 1973, were further cemented by the successful visit by Conzalez to China last September.

Last year, he said, bilateral trade volume was worth more than $400 million, double the 1984 figure, while economic and technological co-operation had also made considerable progress.

Despite temporary difficulties inevitable in process of cooperation, Sino-Spanish economic co-operation would definitely be expanded so long as the two sides approached problems in a far-sighted and imaginative way, he said.

He said he was convinced his current visit would bring about "a big step forward" for friendly relations.

As a European country with an ancient civilization, Spain had created a glorious culture and produced a galaxy of outstanding people, said Zhao. "In modern times, they have also achieved successes that have attracted the attention of the world," he added.

Gonzalez told Zhao he was very happy to see that the two countries shared similar views over such major international issues as conflict in Central America and the Middle East, the Gulf war, South Africa, foreign interference in Afghanistan and Kampuchea, the arms race and the North-South imbalance, aggravated by the huge Third World debt problem.

"I am also happy to see that the People's Republic has joined in condemning terrorism and people who covertly or overtly encourage and make use of terrorism," he said.

Gonzalez said both countries should "be ambitious and practical in their careful studies of the potentials" in their co-operation, in order to avoid disappointments on their side.

He said he was confident of bright prospects for co-operation, which he said "both sides should push forward in the interest of the two peoples."

Earlier on Monday, the two government leaders held their first talks, which centered on bilateral relations, further development of co-operation and major international issues.

Visits Spanish Royal Palace

OW151916 Beijing XINHUA in English 1734 GMT 15 Jul 86

[Text] Madrid, July 15 (XINHUA) -- Visiting chinese Premier Zhao Ziyang Toured the royal palace (Palace de Oriente) and the Prado Museum here this morning. Premier Zhao was shown round this magnificent palace, which used to be the Spanish king's residence in history. Zhao walked through a number of splendid rooms and halls of the royal families, decorated with invaluable paintings, tapestries, chandliers, clocks, furniture, sculptures and porcelain.

During the tour, Zhao compared the clocks of great variety with those on display in the Beijing's Palace Museum, and the Spanish helmets and armour suits with those used in ancient China. Both China and Spain have splendid culture and civilization. The Royal Palace, situated on the site of a burnt down castle, is now used by the king of Spain only for official functions. It was in one of the halls here that Spain signed officially to join the European Community last year.

Right after the tour of the Royal Palace, Premier Zhao went to visit the Prado Museum which is world-known for its rich collection of paintings by noted Spanish and other foreign painters. Zhao asked about the characteristics of different painters and their masterpieces when he viewed with great interest such works as "Los Borrachos" and "las Meninas" by Diego Velazquez (1599-1660), "the Family of Charles IV" and "the May 2 Uprising" by Goya (1746-1828). At the end of the tour, Premier Zhao was presented a copy of Goya paintings. He in return reciprocated to the director of the museum a color picture book "National Treasures." The Museum, built in 1785, has a collection of more than 8,000 works from all the European schools of painting from 15th to 19th century.

Spain's King, Queen Host Luncheon

OW151803 Beijing XINHUA in English 1740 GMT 15 Jul 86

[Text] Madrid, July 15 (XINHUA) -- King Juan Carlos and Queen Sofia of Spain gave a luncheon at the Zarzuela Palace here today in honor of visiting Chinese Premier Zhao Ziyang. In the course of the luncheon, King Carlos and Queen Sofia had a cordial and friendly conversation with Premier Zhao. They warmly welcomed the premier on his current visit and recalled the good memories of their 1978 visit to China.

Premier Zhao conveyed the best regards of Chinese President Li Xiannian and Chairman Deng Xiaoping of the Central Advisory Commission to the king and the queen. He also renewed President Li's invitation to the king and the queen and their family to see China again. King Carlos and Queen Sofia expressed their gratitude for the kind invitation and accepted it happily. They asked Premier Zhao to convey their best regards to President Li Xiannian and Chairman Deng Xiaoping.

Present at the luncheon were Spanish Prime Minister Gonzalez and Foreign Minister Francisco Fernandez Ordonez and Chinese Minister in charge of the State Economic Commission Lu Dong.

At noon today, Chinese Vice-Foreign Minister Qian Qichen held working talks with Under-Secretary for Foreign Affairs of the Spanish Government Fernando Perpina-Robert.

Meets Spanish Business Leader

OW160104 Beijing XINHUA in English 2339 GMT 15 Jul 86

[Text] Madrid, July 15 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang met here this afternoon with Jose Maria Cuevas Salvadoz. President of the Confederation of Spanish Enterprise Organizations, reassuring him of the bright prospects for closer trade and economic cooperation between the two countries.

He told the Spanish entrepreneur that China;s modernization drive has been going on smoothly and there will be a big development in the country's economy within this century and that opening to the outside would is China's long-term policy that will not be changed. The meeting took place on the second day of the premier's four-day official visit to Spain.

Zhao stated that China hoped to develop economic and trade relations not only with the United States and Japan, but also with Western Europe; not only with big countries, but also with medium-sized and small ones, for each country has its own advantages and characteristics to count on. He reassured him that China attached much importance to better trade and economic relations and closer cooperation in science and technology with Spain, because Spain has some advanced technologies highly adaptable to China. As long as the governments of the two countries have the desire to further the tilateral relations and enterprises of both countries display initiative, he said, the future for such relations is bright.

The Confederation of Spanish Enterprise Organizations, founded in 1977, is a national organization incorporating more than 130,000 enterprises in all fields that account for 75 percent of the national total employment. The former president of the organization visited China in 1980 and signed an agreement with the China Council for the Promotion of International Trade.

As one of the earliest Spanish organizations to establish ties with China, Jose Maria Cuevas Salvadoz told Premier Zhao, the organization hoped to maintain and develop such ties. He put forward a number of specific proposals and wished to have the support of the Chinese Government in materializing them.

Premier Zhao expressed his appreciation and the hope that the good wishes of both sides would soon be translated into specific cooperative projects.

XINHUA REPORTS UK NAVAL VISIT TO SHANGHAI

OW111854 Beijing XINHUA in English 1354 GMT 11 Jul 86

[Text] Shanghai, July 11 (XINHUA) -- Two vessels of the British Royal Navy -- a missile destroyer and a missile corvette -- arrived here today for a five-day friendship visit. The two vessels -- Manchester and Amazon -- are the first British ships to visit China since 1980 when three British warships called at the Shanghai port.

Colonel Hastilow, captain of Manchester, and Lieutenant Colonel Ellis, captain of the Amazon, called on Liu Zhenyuan, deputy mayor of Shanghai, Ba Zhongtan, Commander of the Chinese People's Liberation Army (PLA) Shanghai Garrison, and Liu Xingwen, commander of the PLA naval unit in Shanghai, this afternoon.

Deputy Mayor Liu briefed the visitors on Shanghai's development and expressed the belief that the visit of the British naval officers and men will promote the friendship between the peoples and Armed Force of the two countries.

Colonel Hastilow told his hosts that they are honored and pleased to visit Shanghai, a city of great importance both in China and the world. He also expressed the wish that the visit of the two British naval ships will help promote mutual understanding and friendship. The British naval officers and men were welcomed at a reception given by the East China Sea Fleet of the PLA Navy this evening.

PRC, UK Naval Officers Meet

OW121426 Beijing XINHUA in English 1334 GMT 12 Jul 86

[Text] Shanghai, July 12 (XINHUA) -- Chinese Navy Commander Liu Huaqing expressed the wish today to strengthen the contacts and cooperation between the Chinese and British Navies. Liu said this at a meeting here today with the captains and other officers of two visiting warships of the British Royal Navy, which arrived yesterday.

The Chinese Navy commander told the visitors that their visit has been considered here as an important event in the Sino-British relations. "We welcome you, goodwill envoys of the British people and Navy, to come here to learn about China's development," he said.

Liu expressed the hope that the visit of the British ships will help strengthen the friendship between the peoples and Armed Forces of the two countries as well as the cooperation between the two Navies.

Colonel Hastilow, captain of the missile destroyer "Manchester", told Liu that their inspection of Chinese naval vessels this morning gave them a better knowledge about the Chinese Navy. He also expressed the belief that their visit would contribute to the mutual understanding and friendly contacts between the peoples and Navies of the two countries.

Liu hosted a luncheon for the visitors after the meeting.

The Chinese Navy commander also visited the two British warships this afternoon and attended a dinner given by Colonel Hastilow in the evening.

British Warships End Visit

OW151546 Beijing XINHUA in English 1155 GMT 15 Jul 86

[Text] Shanghai, July 15 (XINHUA) -- The destroyer Manchester and the corvette Amazon of the British Royal Navy left here this morning after winding up their five-day friendship visit to Shanghai.

During their stay in Shanghai, the British naval officers and men visited Chinese naval vessels, a carpet factory, a jade carving factory and an arts and crafts institute, as well as a zoo, and some of them also visited Suzhou and Hangzhou. A football match was played between a team from the visiting British vessels and a team of Shanghai coaches.

XINHUA ON TURKEY'S FIVE U.S. NUCLEAR BASES

OW111820 Beijing XINHUA in English 1411 GMT 11 Jul 86

[Text] Ankara, July 11 (XINHUA) -- Turkey has confirmed that there are five U.S. nuclear bases in Turkey, the Turkish daily "TERCUMAN" reported today. The five nuclear bases, which are located in Eskisehir, Erhac, Murted (Ankara) Balikesir and Incirlik, are set up within the framework of Turkey-U.S. mutual defence system, "TERCUMAN" quoted a foreign ministry senior official as saying.

Five combat brigades, formed by F-4 and F-104 jet fighters and carrying nuclear war heads, are based in the country. At present there are 489 U.S. nuclear war heads, 22 nuclear facilities and 66 other U.S. military facilities in Turkey.

North Atlantic Treaty Organization's 189 obsolete war heads are mostly stationed in Turkey and Greece.

Recently, U.S. Defense Department asked Turkey and other NATO countries to speed up the modernization of their nuclear arsenals. "We will decide what we want," said Turkish Foreign Minister Vahit Halefoglu recently.

QIAO SHI RECEIVES AUSTRIAN INTERIOR MINISTER

OW151924 Beijing XINHUA in English 1352 GMT 15 Jul 86

[Text] Beijing, July 15 (XINHUA) -- Chinese Vice-Premier Qiao Shi said here today that he hoped for the expansion of Sino-Austrian cooperation in security affairs. He made this remark at a meeting met with Karl Blecha, minister of the interior of Austria here this afternoon.

Qiao also briefed the Austrian minister on China's economic reform.

Earlier this morning, Ruan Chongwu, Chinese minister of public security, held talks with Blecha.

The Austrian visitors arrived here yesterday.

SFRY FOREIGN MINISTER FORECASTS NONALIGNED SUMMIT

OW150202 Beijing XINHUA in English 0151 GMT 15 Jul 86

[Text] Belgrade, July 14 (XINHUA) -- The 8th summit of the Non-Aligned Movement will call for a total ban on nuclear testing, halting the arms race in space, reductions in strategic nuclear and conventional arms, elimination of chemical weapons and all weapons designed for mass annihilation, Raif Dizdarevic said today here.

Raif Dizdarevic, Yugoslav federal secretary for foreign affairs, made the remarks at a joint session of the assembly of Yugoslavia's committees for foreign affairs and for foreign economic relations.

Dizdarevic said the summit, to open September 1 in Harare, Zimbabwe, will focus on disarmament and securing world peace, in addition to a course of action for solving the developing countries' economic problems.

In the past five years, the developing countries have repaid some 600 billion dollars in debt installments to Western banks and last year they lost 65 billion dollars due to the fall in prices for raw materials.

POLAND TO CARRY OUT FURTHER ECONOMIC REFORMS

OW140804 Beijing XINHUA in English 0545 GMT 14 Jul 86

[Text] Warsaw, July 13 (XINHUA) -- Poland will carry out further economic reforms to improve its economy over the next five years, official news agency PAP reported today, quoting a resolution of the Polish United Workers' Party.

The resolution passed during the 10th party congress, held from June 29 to July 3, said that "the economic reform is the first and most important lever" in developing Poland's economy.

The resolution said that economic development can be accelerated by improving management systems and speeding up scientific-technological progress. To achieve more rapid development, the Polish Government, too, should regulate its price system and place the burden of the responsibility for profits and losses on the individual industrial enterprises.

The Workers' Party resolution said the party will work harder to expand democracy of the working people, to check inflation and to improve living conditions. The resolution also set the party's policies on the revival of trade unions, its relations with the Catholic Church and its foreign activities.

The document promised that the party will "continue the policy of consolidating the Polish People's Republic, a socialist and democratic state, for the development of the Polish nation."

OMANI OFFICIAL INTERVIEWED ON PLANNED VISIT

OW110201 Beijing XINHUA in English 0025 GMT 11 Jul 86

[Text] Muscat, July 10 (XINHUA) -- Omani State Minister for Foreign Affairs Yusuf al-Alawi 'Abdallah said here today that the aim of his forthcoming visit to China is to "see how we can further expand relations between the two countries." In an exclusive interview with XINHUA, al-Alawi said that his visit "will be an opportunity to see and learn the new style of development in China."

"There is still more avenues of cooperation between the two countries. Particuarly, we see there is tremendous change in China and enhancement of its economy," he pointed out. Al-Alawi said that he will exchange views and information with the Chinese friends on the international issues and discuss with his Chinese counterpart problems concerning both countries, the situation in the Gulf and the Iran-Iraq war in particular.

The scope of cooperation between China and Oman is "great" and his forthcoming visit to China is a "signal of healthy relations" between the two countries, he said.

OMANI MINISTER OF STATE FOR FOREIGN AFFAIRS VISITS PRC

Interviewed on Visit

OW131226 Beijing XINHUA in English 1117 GMT 13 Jul 86

[Text] Beijing, July 13 (XINHUA) -- Wu Xueqian, Chinese state councillor and foreign minister, gave a banquet in honor of Yusuf al-Alawi 'Abdallah, minister of state for foreign affairs of the Sultanate of Oman, and his party here this evening.

Before the banquet, the two foreign ministers had cordial, friendly talks and hoped that Al-Alawi's current visit would further strengthen the friendly relations and cooperation between the two countries. They will confer tomorrow to exchange views of common concern.

Al-Awali and his party arrived here this morning on a goodwill visit to China at the invitation of Wu Xueqian. They visited the National Children's Center here this afternoon.

Holds Talks With Wu Xueqian

OW140952 Beijing XINHUA in English 0931 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- Chinese Foreign Minister Wu Wueqian and Omani Minister of State for Foreign Affairs Yusuf al-Alawi 'Abdallah held talks here today to exchange views on bilateral, international and regional issues. They reached a broad consensus on the issues discussed, sources close to the talks said.

On bilateral relations, Alawi said that there are broad prospects for the Omani-Chinese relations based on mutual understanding and mutual beneficial cooperation.

Wu expressed the belief that Alawi's visit will contribute to the development of the Sino-Omani friendly cooperation.

Both Wu and Alawi expressed the wish for stronger unity among Arab countries and Palestine in opposing Israeli expansion and promoting an overall and just solution of the Middle East question.

Wu praised the Council for Gulf Cooperation for its work in promoting common economic development and safeguarding regional peace and stability. Alawi pledged that the council will continue its efforts for a conciliation between Iran and Iraq and an end to their war as soon as possible.

Meets With Wan Li

OW141300 Beijing XINHUA in English 1127 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- China's acting Prime Minister Wan Li met Yusuf al-Alawi 'Abdallah, minister of state for foreign affairs of the Sultanate of Oman, and his party here this afternoon.

Wan Li said that China and Oman share identical views on the question of peace and development, and desire to safeguard world peace and develop their own countries' economies. He said he was very pleased to note the great achievements Oman has made under the leadership of Sultan Qabus Ibn Sa'id in developing its economy by using its oil resources, and hoped that bilateral cooperation in political, economic and cultural fields will be further developed.

Al-Alawi, who is paying a second visit to China, said he has found great changes have taken place in China over the past few years. The Gulf countries very much admire China for its great changes and economic development, he added. He described his talks with Chinese Foreign Minister Wu Xueqian as very good, adding that he was sure that the talks would help promote bilateral friendly relations and cooperation. Al-Alawi believed that the development of the friendly relations and cooperation between the Gulf countries and China will benefit world peace.

Wan Li asked Al-Alawi to convey greetings from President Li Xiannian and Premier Zhao Ziyang to Sultan Qabus, asking him to visit China. Al-Alawi said Sultan Qabus will visit China at an appropriate time.

Earlier this afternoon Al-Alawi met with Minister of Public Health Cui Yueli. They had a friendly talk on the development of bilateral cooperation in public health.

Hosts Return Banquet

OW151954 Beijing XINHUA in English 1404 GMT 15 Jul 86

[Text] Beijing, July 15 (XINHUA) -- Yusuf Ibn al-Alawi 'Abdallah, minister of state for foreign affairs of the Sultanate of Oman, gave a farewell banquet here this evening. Among the guests were Chinese State Councillor and Foreign Minister Wu Xueqian and Minister of Public Health Cui Yueli.

Earlier today, the Omani minister discussed bilateral trade and economic cooperation with Lu Xuejian, Chinese vice-minister of foreign economic relations and trade.

Minister Al-Alawi is scheduled to leave here tomorrow for a tour of Hangzhou and Shanghai.

LEBANESE PRESIDENT, PRC ENVOY DISCUSS UNIFIL

OW151543 Beijing XINHUA in English 1128 GMT 15 Jul 86

[Text] Beirut, July 15 (XINHUA) -- Lebanese President Amin al-Jumayyil received Chinese Ambassador Wu Shunyu here this morning and discussed with him the proposed extension of the mandate of the U.N. Interim Force in South Lebanon (UNIFIL), which will expire on July 19. President al-Jumayyil started yesterday his separate talks with the ambassadors of the five permanent members of the U.N. Security Council on this issue. Talking to newsmen after the meeting, the Chinese ambassador said that the Chinese Government supports the Lebanese Government and people in their efforts to oppose foreign intervention and safeguard Lebanon's independence, sovereignty and territorial integrity. China also supports the stand of the Lebanese Government on the issue of the mandate of the UNIFIL, he said.

LEBANESE OFFICIAL TO VISIT PRC, E. EUROPE

OW042230 Beijing XINHUA in English 1837 GMT 04 Jul 86

[Text] Beirut, July 4 (XINHUA) -- Secretary-General of the Lebanese Foreign Ministry Fu'ad al Turk left here today to start his tour of four east European countries and China. A local radio reported that Al Turk is due to arrive in Hungary on July 6 on the first leg of his tour. He will also visit Democratic Germany, Bulgaria and Czechoslovalkia before his arrival in Beijing, possibly, on July 18 for a week long visit to China.

The radio said, Al Turk's visit is aimed at promoting Lebanon's relations, particularly economic and cultural relations with those countries. The radio said Lebanon's foreign policy is based on non-alignment and Lebanon is open to East European countries while maintaining good relations with the West.

OLYMPIC COMMITTEE FETES PDRY SPORTS DELEGATION

OW141028 Beijing XINHUA in English 1012 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- The Chinese Olympic Committee gave a banquet here this evening in honor of all members of the visiting sports delegation from the People's Democratic Republic of Yemen. The Democratic Yemen delegation is led by Mohamed Ghalib Ahmed, president of the Supreme Council for sports. Present at the banquet were He Zhenliang, vice-minister of the Chinese state physical culture and sports commission and member of the International Olympic Commitee's executive board, and Ibrahim 'Abdallah Sa'idi, ambassador of the People's Democratic Republic of Yemen to China.

SOVIET UNION PROVIDES MILITARY AID TO YAR

OW141142 Beijing XINHUA in English 1108 GMT 14 Jul 86

[Text] Sanaa, July 14 (XINHUA) -- The Soviet Union has provided 300 million rials (41.3 million U.S. dollars) to Arab Yemen to help establish an industrial base for Arab Yemen's Armed Forces, official daily "AL THORAN" reported today. President Ali 'Abdallah Salih laid the foundation for the first-stage construction of military project on Sunday. This project under construction of the Yemeni engineer units will contribute to foster Arab Yemens' skill in arms production and build up technical abilities of the Yememi Armed Forces. The Soviet Union has provided some military aid and sent military advisers to Arab Yemen in recent years.

ANALYSIS ON JORDAN'S CLOSING PLO OFFICES

OW101924 Beijing XINHUA in English 1545 GMT 10 Jul 86

["News Analysis: Why Jordan Closes Down Most PLO Offices in Amman? By Rui Yingjie and Pan Liwen" -- XINHUA headline]

[Text] Amman, July 10 (XINHUA) -- Most observers here agree with Abu Jihad when he said before his departure here that the criticism of Jordan by the recent Tunis meeting of the Fatah Revolutionary Committee is not the root-cause but only a convenient pretext for Jordan to close down most of the PLO offices. Abu Jihad is the vice commander in chief of the Armed Forces of the PLO who left Amman this morning after being served a notice to leave within 48 hours.

People may say it is bad tactics for Fatah to criticise Jordan and the Jordanian Government decision to close down Palestinian offices seems only directed against the Fatah. But there are other deep rooted causes for the Jordanian decision.

First of all, Jordan has been irritated by the uncompromising attitude of the PLO on its position on U.N. Resolution 242 which calls for the recognition of Israel. After the scrapping of the Jordan-PLO joint accord for the Mid-East peace process in February, King Husayn and other Jordanian officials have time and again indicated that Jordan would cooperate with the PLO again if PLO would change its position to U.N. Resolution 242. However, the PLO has so far showed no signs at all for a flexible stand. This has greatly hampered Jordan's hope to revitalise the Middle East peace process for which Jordan has spared no pains to work. The conclusion is that Jordan would break off its relations with the PLO even without the Fatah's criticism.

Secondly, dozens of offices set up by PLO, Fatah and other PLO affiliations since February last year after the joint accord was signed have posed a threat to Jordan's security. A considerable number of PLO members had been arriving in Jordan and the influence of the PLO had been growing in both banks of the Jordan River. All this has posed a potential threat to Jordan's security, just as the Jordanian Government had anounced that its decision "to close Fatah offices has been taken purely on grounds of national security."

Earlier, Israel has claimed that Abu Jihad was held responsible for sending weapons to the occupied West Bank. It is the policy of Jordan to ban any weapons from being sent to the West Bank from Jordan. Considering the above mentioned root causes, Abu Jihad and some other leading officials of the PLO here have claimed that Jordan's decision to close their offices has not come as a surprise.

Three years ago, in June 1983, Syria decided to close Fatah offices in Damascus. This had created difficulties for PLO. Now that most of the PLO offices in Amman have been closed, this will necessarily increase PLO's difficulties. The relative silence kept by other Arab countries on Jordan's new move against Fatah has showed the delicacy and complications of the matter. Nevertheless, Syria-backed PLO organisations in Damascus including that of Abu Musa who has broken off from the PLO have issued statements siding with Fatah. This may be taken as a signal for some changes within the PLO. Observers here are watching closely the outcome of a forthcoming meeting of the Fatah revolutional committee to be summoned by Yasir 'Arafat, chairman of the PLO who is expected to return to the PLO headquarters in Tunis today.

DEPUTY FOREIGN MINISTER ZHU QIZHEN IN CUBA

OW120626 Beijing XINHUA in English 0605 GMT 12 Jul 86

[Text] Havana, July 11 (XINHUA) -- Cuban acting Foreign Minister Jose Raul Viera met this morning Chinese Vice-Minister of Foreign Affairs Zhu Qizhen, who is on a working visit here, and the two had a friendly conversation.

Yesterday Zhu Qizhen had two sessions of talks with Cuban Vice-Foreign Minister Jorge Bolanos, during which they exchanged views on international problems of mutual interest. They also reviewed bilateral relations in the last few years and discussed the prospects of their development in the years to come. Chinese Ambassador to Cuba Wang Jin was present on the occasions.

Ends Visit, Leaves for Home

OW140713 Beijing XINHUA in English 0652 GMT 14 Jul 86

[Text] Havana, July 13 (XINHUA) -- Chinese Vice Foreign Minister Zhu Qizhen left here for home today after a four-day visit at the invitation of the Cuban Foreign Ministry.

During his visit, Zhu held separate talks with Cuban acting Foreign Minister Jose Raul Viera and Vice Foreign Minister Jorge Bolanos Suarez in which they exchanged views on international issues of common concern and bilateral relations. At a dinner given by the Chinese Embassy last night, Zhu and his Cuban counterpart pledged to make efforts to further promote Sino-Cuban relations. Sino-Cuban relations, once cooled to the point where only bilateral trade lingered, have become increasingly warmer since 1983 when the two countries agreed to "steadily improve" their relations.

Cuba expressed further willingness to "restore relations" with China last fall when ministers of the two countries met at the U.N. General Assembly. Since 1983, China and Cuba have renewed contacts in the fields of economics, science, culture, education, health and sports, while continuing to expand their two-way trade.

The Chinese vice foreign minister arrived here July 9 on the last stop of his five-nation American tour which has also taken him to the United States, Brazil, Trinidad and Tobago, and Mexico.

HU QILI MEETS BOLIVIAN 'LEFT REVOLUTION' LEADER

OW101254 Beijing XINHUA in English 1143 GMT 10 Jul 86

[Text] Beijing, July 10 (XINHUA) -- Hu Qili, member of the Political Bureau and Secretariat of the Chinese Communist Party Central Committee, today expressed his satisfaction over the establishment of relations between the Chinese Communist Party (CPC) and the Movement of Left Revolution of Bolivia.

On behalf of CPC General Secretary Hu Yaobang, Hu Qili extended a warm welcome to a delegation from the Bolivian party led by its leader Jaime Paz Zamora at a meeting in the Great Hall of the People here this afternoon.

Paz Zamora said his party has long been expecting to establish relations with the CPC, which is in the interest of the two countries and peoples. Bolivia and China have much in common and there is great potential for cooperation between the two countries, he said. The Bolivian guests have visited Shanghai and Hangzhou and are scheduled to leave for home tomorrow.

PRC, CANADA DEVELOP ARICULTURAL COOPERATION

OW101345 Beijing XINHUA Domestic Service in Chinese 2338 GMT 7 Jul 86

[By reporter Wang Laixi]

[Text] Harbin, 8 Jul (XINHUA) -- Argicultural cooperation between China and Canadian International Development Agency has been progressing smoothly. This program has had a good start. Recently, China and Canada held a meeting in Harbin to coordinate in further strengthening cooperation on agricultural projects, exchange experience, and discuss further steps in promoting agricultural cooperation.

The Canadian International Development Agency is an Canadian Government organization. On behalf of the Canadian Government, it provides countries of the Third World with technology and facilities and helps them quicken efforts in personnel training. Since the beginning of 1982, China's Ministry of Agriculture, Anminal Husbandry, and Fisheries had made frequent contacts with this organization. As of April this year, China and this Canadian agency have, an successive occasions, agreed to cooperate in developing nine agricultural projects. The Canadian side has provided China with more than 20 million Canadian dollars of free economic assistance for these projects. Right now, work has begun on eight of these projects with fine results.

Since this cooperation began, China has, on separate occasions, sent 57 persons to Canada to receive training and study technology. China sent 21 persons to receive training in Canada for a project concerning the Heilongjiang August 1 University for State Farms and Land Reclamation and a project concerning the Heilongjing Liuhe Institute for Cadres of State Farms and Land Reclamation, while the Canadian side sent 10 experts to give lectures at these two institutions of higher learning. All this helped these two institutions revise their professional courses, conduct teachers training, and improve teaching methods. The teaching quality at these two institutions has markedly improved. For a project involving seeds used in the Heilongjiang Land Reclamation District, aid amounting to 270,000 Canadian dollars has been used to import sophisticated instruments and facilities such as seed dryers, seed quality analyzers, equipment to test seed impurities, and soil testers. At the same time, a batch of wheat, barley, and rape seeds of fine strain has been imported from Canada, creating excellent conditions for improving seed strains of various crops in China.

The various projects of agricultural cooperation between China and Canada have also helped China attain marked economic results. A project concerning the use of potash fertilizer in agriculture, which began in 1983, has helped those units that use such fertilizer greatly increase their per-unit yield of various crops. In 1984, Zhejiang Province carried out experiments in using potash fertilizer on 149.5 hectares of paddy rice. I reported that the use of potash fertilizer brought about an increase of 147,000 kilograms of paddy rice on this plot, marking an average growth of 20,9 percent, and tht each kilogram of potassium chloride used helped increase the yield of paddy rice by 7.7 to 9.5 kilograms.

'POLITICAL BUREAU' MEMBER WANG ZHEN WRITES INSCRIPTION

OW151912 Beijing XINHUA Domestic Service in Chinese 1459 GMT 15 Jul 86

[Text] Changsha, 15 Jul (XINHUA) -- To commemorate Comrade He Long, pioneer and leader of sports undertakings of new China, the Changsha City CPC Committee and government have decided to redesignate the Changsha City Stadium as He Long Stadium.

Wang Zhen, member of the Political Bureau of the CPC Central Committee [title as received], inscribed the name of "He Long Stadium."

The stadium is under expansion and repair. The principal part of the project is expected to be completed next year. After the expansion, the sports complex will have a capacity of 50,000 seats.

TYPHOON KILLS 172, INJURES 1,250 IN GUANGDONG

OW151514 Beijing XINHUA in English 1452 GMT 15 Jul 86

[Text] Guangzhou, July 15 (XINHUA) -- Typhoon "Peggy" left 172 people dead and 1,250 injured in eastern Guangdong Province after it hit the south China region last Friday, a provincial official told XINHUA today.

More than 264,000 houses collapsed, some 540,000 hectares of farmland were flooded and hundreds of highway bridges destroyed.

"The total losses are estimated at more than 1.4 billion yuan," the offical said.

The provincial government has allocated 10 million yuan and building materials to help more than three million people restore normal life and production. It has launched a mass mobilization to help people in the affected areas restore production and normal life.

More than 300,000 people trapped in flood waters in Jiexi, Jieyang, Puning and Meixian Counties have been rescued by People's Liberation Army teams. However, most parts of eastern Guangdong were recovering from the typhoon and torrential rains by last Monday, the official said.

THREAT FROM 'SECRET SOCIETIES' EXAMINED

HK150707 Beijing NONGMIN RIBAO in Chinese 27 Jun 86 p 3

[Report: "On the Question of Banning Reactionary Secret Societies -- Responsible Person Concerned in Ministry of Public Security Answers Reporter's Questions"]

[Text] In a small number of rural areas, which are economically and culturally backward, it is easy for reactionary secret societies to grow and spread. The masses are easily deceived and hoodwinked into taking part in their activities. In these areas, reactionary secret societies are still factors which harm stability and unity, obstruct the building of material and spiritual civilization, and undermine social security. This reporter interviewed the responsible person concerned in the Ministry of Public Security with these questions in mind.

Question: What are reactionary secret societies?

Answer: "Reactionary secret societies" are also called "reactionary superstitious sects," or "reactionary superstitious groups." Their predecessors were "superstititious sects" in the old society. These superstitious sects developed in feudal society in China and belong to feudal society ideology. At that time, there were some primitive secret organizations which consisted mainly of bankrupt peasants, unemployed handicraftsmen, lumpen-proletariat, and so on. These persons utilized these organizations to resist rulers who oppressed them. These organizations are characterized by blind destructiveness, and some of them later became a reactionary force. In modern times, they became tools utilized by the imperialists and the reactionary ruling class in China to obstruct revolution and oppress the people. After the liberation of the whole country, some reactionary secret societies carried out destructive activities, such as undermining the struggle to resist U.S. aggression and aid Korea.

Question: Where does the harmfulness of "reactionary secrets societies" lie?

Answer: Reactionary secret societies are politically reactionary. Some chief and key members of these societies attack socialism and the people's democratic dictatorship, trying to "change the regime." Some of them even went so far as to appoint officials and assign them tasks to plan armed rebellion. Reactionary secret societies are political tools under their control. Their chiefs are the enemies of the people's regime.

Reactionary secret societies are also factors which obstruct social security. In the name of building sacrifical rites, some of them exact payments of money or goods, or even carry out superstituious and deceitful activities such as "passing by the gate of hell to prolong longevity," "casting spells to avoid misfortune" and so on. Some of them use methods such as providing "divine pills" and "catching the ghost" and so on to cure sickness. They actually injure the people, or kill them. Some of them use wicked methods such as "being possessed by evil spirits," "making a convert to an immortal" and so on to rape women. Some of them "preach on the altar," or "assemble members to give sermons." All these waste people's money, adversely affect production and obstruct social order.

Question: At present some reactionary secret socieities carry out their activities under the signboard of "freedom of religious belief." In so doing, they pass off fish eyes as pearls, and deceive the masses. Could you tell us the difference between reactionary secret societies, religions and feudal superstititon?

Answer: Good? this is an improtant issue. At present, some reactionary secret societies have pretended that they belong to religious groups in order to mislead the public and seek legal status. Religions refer to Taoism, Buddhism, Catholicism, Christianity, and Islam. Normal religious activities are protected by law. The "PRC Constitution" and the "PRC Criminal Law" explicitly stipulate all these. With regard to reactionary secret societies, the Chinese Government has issued a formal decree to ban them. If they revive their activities, this means that they are illegal and violate the law.

Reactionary secret societies are not the same as feudal superstituions. Feudal superstition broadly refers to belief in a supernatural being, forces of evil, devils, geomantic omens, fate and so on. Feudal superstitious activities can also be divided into two categories: 1) Individual activities of those who are influenced by feudal ideas, such as worshipping Buddha, bringing joss sticks to make a vow, and so on; 2) activities of witches, sorcerers, and other people taking superstition as their occupation, such as paying homage to deities and immortals, driving out diseases and ghosts, fortune-telling by analyzing the component parts of a Chinese character, telling somebody's fortune by reading his face, fortune telling, practicing geomancy, and so on. These people are left over from the old society. Their purpose in carrying out such absurd activities is to make money and profit. They do not belong to any official organizations or organizational system. The crowds disperse as soon as the business is concluded. With regard to those who are engaged in individual superstitious activities, our main efforts should be devoted to providing them with ideological education, so that they can enhance their consciousness. With regard to the second category of superstitious activities, we should ban them. We must crack down according to law upon any criminal and counter revolutionary activities which utilize feudal superstition.

Reactionary secret societies also have a strong feudal superstitious coloring. They make use of the feudal superstitious mentality of the maasses to disseminate superstition, recruit disciples, and expand their organizations. Their purpose in doing so is to spiritually and mentally control their disciples.

Question: What are the legal stipulations which empower our government to ban and crack down upon reactionary secret societies?

Answer: The PRC Rules and Regulations on Punishing Counter-Revolutionaries," the PRC Criminal Law" and "Decision on Severely Punishing Criminal Elements Who Seriously Obstruct Social Order" promulgated by the NPC Standing Committee in September 1983 contain explicit stipulations on the issue of banning and cracking down upon reactionary secret societies. There are several lines of demarcation which we should follow:

1. Those who are guilty of organizing and using reactionary secret societies to carry out counter-revolutionary activities should be severely punished according to law, especially chief and key members who are guilty of active counter-revolutionary and sabotaging activities.

2. The people's government issued explicit orders a long time ago to ban reactionary secret societies. They are not allowed to revive their activities.

3. Most of the disciples are laboring people. They are deceived, and fall victims. According to the policy of the party and government, we should guide them. Through education, we will emancipate them from the deception, oppression and persecution of those reactionary secret societies.

Question: What are our basic countermeasures against reactionary secret societies?

Answer: We will take two basic countermeasures against them: 1) We should strengthen the building of material and spiritual civilization, vigorously propagate materialism, give publicity to science and technology, and popularize culture and education. 2) We should resolutely crack down upon chief and key members of the reactionary secret societies, who are guilty of sabotage activities. We should also expose the crimes of reactionary secret societies and show their harmfulness in order to educate the masses who are deceived.

HONGQI DENIES SPLIT BETWEEN REFORMERS, CONSERVATIVES

HK160045 Beijing XINHUA Hong Kong Service in Chinese 1349 GMT 15 Jul 86

[Text] Beijing, 15 Jul (XINHUA) -- A "Forum" article carried in the HONGQI issue to be published tomorrow points out that there is no division into "reformers" and "conservatives" in the CPC.

The article, entitled "Learn How To Correctly Handle Contradictions in the Party," states that "to say that our party is divided into two factions, so-called conservatives and so-called reformers, is to exaggerate the contradictions in our party and is even a fabrication of facts. To assign people to this or that faction is a 'creation' of the 'Great Cultural Revolution.' That era of turmoil is over."

The article admonishes people, 'do not be incited by rumors from outside."

The article also reminds people not to evade contradictions in the party. It says that such contradictions are a universal phenomenon. Contradictions frequently occur in every party organization and leadership group including the county, city, and township CPC committees, and so on. How can there be a place where there are no contradictions? Contradictions exist in everything in the world, and without contradictions there could be no world. The CPC too has developed in the course of exposing and resolving contradictions.

The article points out that instead of fearing and evading contradictions, we should handle them correctly. We should handle the large number of non-antagonistic contradictions by adopting mild measures to resolve them, such as exchange of views, democratic consultations, individual talks, mutual accomodation, and so on. Of course, the very small number of antagonistic contradictions, such as serious violations of economic law and discipline, cannot be resolved through heart-to-heart talks and consultations. Such contradictions can only be resolved through heart-to-heart talks and consultations. Such contradictions can only be resolved by the application of law and discipline.

The article also demands that people overcome two trends when handling contradictions in the party: On the one hand, many non-antagonistic contradictions are often intensified into antagonistic ones; and on the other, the handling of antagonistic contradictions is often too soft, with major problems turned into small ones and small problems into no problem at all.

RENMIN RIBAO ON HOUSEHOLD INDUSTRY IN WENZHOU

HK141211 Beijing RENMIN RIBAO in Chinese 8 Jul 86 p 2

[Article by XINHUA reporters Liu Zhengui and Chen Jianfa: "Realistic Thinking, Creative Practice -- An Investigation of the Development of Household Industry and Commerce in Wenzhou City"]

[Text] In recent years, household industrial and commercial undertakings in Wenzhou City, Zhejiang Province, have developed rapidly. A good start has been made in the march toward commercialization, specialization and industrialization. This has provided a wealth of valuable experience to areas that have a weak industrial foundation with little money invested by the state -- experience on how to develop the commodity economy.

Since the 3d Plenary Session of the 11th CPC Central Committee, Wehzhou City has witnessed the emergence of 133,000-plus individually-or jointly-operated industrial enterprises on a household basis, a purchase and sales force of more than 100,000, 70,000-odd individual commercial operators and about 400 markets for small commodities. Last year, the total output value of household industries reached about 1.13 billion yuan, more than one-third of the city's total industrial output value. The retail sales turnover of individually operated commercial undertakings reached 570 million yuan, more than one-fourth of the city's commodity retail sales turnover. Taxes paid to the state by the individually-operated economy reached more than 60 million yuan. This has become one of the main sources of local revenue.

In the past 2 years, many well-known economists and sociologists in the country and responsible comrades at various levels of some provinces, municipalities, and autonomous regions have headed for Wenzhou on an inspection trip. One problem of concern to everyone is: Where has Wenzhou's idea of developing household industrial and commercial undertakings come from?

Some people think that Wenzhou's path of development has been a matter of "necessity." The rural area of Wenzhou has plenty of inhabitants and little land. The industrial foundation was weak. So was the foundation for the collective economy. This forced the rural surplus laborers to follow the path toward non-agricultural commodity production with household operations as its focus.

Some poeple consider that the people of Wenzhou have from time immemorial been skilled in trading and have been engaged in handicraft. This is a main cause of Wenzhou's development.

Some people point out that this has been an achievement "allowed to take place" since the 3d Plenary Session of the 11th CPC Central Committee. With the mind emancipated and policy in order, a vast world has been opened up for the development of the commodity economy.

On a visit to Wenzhou, these reporters felt that these arguments had some basis. But as to the matter of little land being available for many inhabitants, this does not apply to Wenzhou alone. Why has nothing been done by some other areas out of "necessity?" Other areas can also lay claim to such conditions as history, tradition and a policy "opening up." Why has a thriving economy like that of Wenzhou not formed? We visited many cadres and people and found that there was another very important underlying factor. [paragraph continues]

It is that the Wenzhou CPC Committee and the city government have upheld the idea of doing everything with reality in mind and have the courage to do things in a creative way.

Firmly and Unswervingly Get Rid of "Leftist" Influences and Give Thought to Creating the New

Wenzhou is a time-honored handicraft city. There are many skilled workers and accomplished craftsmen. They not only have the tradition of making the home a workshop but are also in the habit of trading and working in other areas. But in the troubled years of the "Great Cultural Revolution," such activities as developing the commodity economy among the masses were all labeled as "going in for trade to the neglect of agriculture," "engaging in speculation and profiteering," and "running underground workshops," and were repeatedly attacked and banned. Some cadres and Communist Party members that supported the development of household operations were accused of "sharing the same trousers with capitalism" and fired and expelled from the party. For a long time, Wenzhou was treated as "a typical example in capitalist restoration." After the 3d Plenary Session of the 11th CPC Central Committee and especially after the new leading group of Wenzhou City was established in 1981, the responsible persons of the city party committee and the city government went deep into lower levels to make investigations and studies. Only then did the strengths and weaknesses of Wenzhou begin to be evident. After liberation, there was little state investment. There was no big state-run enterprise. The rural per capita share of cultivated land was only 0.46 mu. These were weaknesses. The Wenzhou peasants are good farmers. Most of them also perform well as both workers and traders. They are business-minded. There are able men of all kinds. These are strong points. The city CPC Committee and the city government considered that these two actual states of things should be taken into consideration, with the strong points drawn upon and the weak ones shunned. There should be no waiting for investment from the state. The building of too many factories at one time should not be insisted upon. Nor should we count on big factories to keep town and township enterprises alive, as Ningbo and Shaoxing did. Instead, we should let the masses assert themselves fully and develop household industry and commerce on their own.

But the leading comrades of Wenzhou City also soberly noted that without ridding Wenzhou of that terrible label of "capitalism" that had weighed on it for many years, the masses of peasants could not be free from misgivings about the development of the commodity economy ideologically. Able men of all kinds would have no chance of asserting themselves. Productivity could no be really emancipated. If Wenzho's economy was to be revitalized and the people were to get rich, we must start with the elimination of "left" thinking. To this end, the city CPC Committee and the city government decided to hold congresses of advanced workers in developing the rural commodity economy at all levels. Some able people, who were previously subjected to criticism and struggle as "examples in capitalist restoration" because of their involvement in household industry and commerce and who had actively developed the commodity economy since the 3d Plenary Session of the 11th CPC Central Committee, were specially allowed to appear on the rostrum. They were given big red flowers to were on their suits. They were placed on an honor list and made much of as their good names were being restored. [paragraph continues]

A strong atmosphere was created that made these people feel honored in developing household industry and commerce. Meanwhile, these able people were given support in many fields. Leadership cadres at various levels took the initiative to befriend them and join them in discussing ways to accelerate economic development. Thus, the masses were roused to action. Some people who originally had misgivings began to shed their doubts. Over several years, Wenzhou City reached the stage of development with more than 130,000 households involved in household industry and commerce and with a purchase and sales force of 100,000. This can be described as the result of having eliminated "left" influences.

Being Realistic and Not Being Bound by Upper-lever Restrictions

Since the 3d Plenary Session of the 11th CPC Central Committee, with the rural commodity economy gradually thriving, three problems had confronted Wenzhou: After a number of peasants took up household industry and commerce, they no longer cultivated the fields they had contracted for. Instead, they let others do the work on a subcontract basis demanding a per-mu yield of 200 kilograms of grain. In 1983, a relevant central document stipulated that no transfer of land be allowed. As to most of household industry-related products, purchase and sales workers were relied upon to do marketing along the lines of transfer of contracts. At that time, a relevant upper-level document had stipulated that no transfer of contracts be allowed. To facilitate the establishment of production and sales relations with other provinces and cities, several tens and even several hundreds of household industry operators opened accounts with a certain factory bank and carried out trading activities with other provinces and cities in the latter's name. According to state regulations on management in industrial, commercial and administrative fields, such a practice was also not allowed. After investigations and studies, the Wenzhou City CPC Committee and the city government felt that given a surplus of rural labor, the transfer of some laborers from land to household industry and commerce helped peasants in getting rid of poverty on the way to prosperity. A part of the grain was obtained after the transfer of land on a contract basis. What was thus actually obtained was the difference between a negotiated price and an officially fixed grain price. This should be allowed. The transfer of contracts and "the opening of accounts with another party for trading purposes" concerned the problem of an outlet for household industry-related products. Without these two things, circulation could not be smooth and production could not be developed. Therefore, these should not be attacked or banned. On the contrary, they should be given protection. Later, based on the new development of the rural situation, the CPC Central Committee's Document No 1 in 1984 changed the provisions in the relevant document of 1983. It was clearly stipulated that contracts for land can be transferred. Peasant purchase and sales workers represent advanced rural productive forces. The department concerned also admitted to the necessity of "opening accounts with another party for trading purposes." Experience shows that such an idea on the part of the Wenzhou City CPC Committee and the city government based on reality is correct. It has served to effectively protect peasants' enthusiasm and has stimulated the development of the commodity economy. Basic-level cadres said: This is not acting against central instructions. It is a matter of resolutely upholding the party's ideological line of "seeking truth from facts."

Dare To Take the First Bite and the First Step

Toward the end of 1980, with the development of the rural commodity economy throughout the city, liquid funds for household industrial and commerical undertakings became a serious problem. Various kinds of loans became popular among the people. Some private loans were obtained at interest rates as high as 40 percent. Taking note of the situation, the credit cooperative of Jinxiang town, Cangnan County experimented with floating rates in its credit business in an attempt to bring down interest rates. It stipulated that the floating rate for savings should be 10 percent, based on the state-fixed rate of 4.6 percent, and that the rate for loans should be 15 percent. The experiement was to last for 1 year. This credit cooperative took in 1.415 million yuan in floating-rate deposits and made loans of 1.3 million yuan. This not only helped in the development of local household industry and commerce but also served to reverse the previous situation of being in the red. But our country's financial control system had for many years regarded floating interest rates as taboo. Relevant state documents also said that no floating deposit interest rates should be introduced, and anyone doing so could be accused of upsetting the state's financial market. There had been no precedent in the state for the Jinxiang credit coopertive's act. This led to keen debate in relevant departments. Some leaders considered that this was "mischief." After listening to different views, the Wenzhou City CPC Committee and the city government were of the opinion that so long as it is an act conducive to the development of the socialist commodity economy, the taboo can be ignored. With the support of the city CPC Committee, the city agricultural bank overcame various obstacles standing in its way. Beginning in 1982, it introduced floating rates first in Cangnan County and then throughout the city. So far, 297 rural credit cooperatives in Wenzhou have introduced floating rates. Facts show that the introduction of floating rates is necessary for the rapid development of the rural commodity economy. As far as the financial market is concerned, it is a combination of loosening and the exercise of control. The floating of deposit interest rates helps in attracting funds from among the people and strengthening the economic strength of the credit cooperative. The floating of loan interest rates can help in bringing down interest rates and in providing indirect guidance for household industry and commerce. Wenzhou City was on the right track. The CPC Central Committee's Document No 1 in 1985 affirmed that this was a practice which helped stimulate the healthy development of rural commodity production.

Fewer Checkpoints Standing in the Way and More Guidance To Pave the Way

In briefing us on the experience of developing the commodity economy, the leading cadres of Wenzhou City used the word "leadership" less often than the word "guidance." Despite the difference in one word, this points to a fundamental guiding idea on the part of the city CPC Committee and the city government: In developing the commodity economy, we must respect objective economic laws and respect the pioneering spirit of the masses. We should impose fewer inflexible administrative orders and should assume fewer official airs. In our approach to new problems, we should not make a habit of simply resorting to negation, attack, and prohibition. Instead, we should give more positive education.

Jinziang town of Cangnan County is a sales and production base for medals, display plates, plastic sheets and printed documents. It keeps itself well informed and has a business network spread all over the country. After our country's decision to introduce identity cards for residents, this town immediately designed samples of such indentity cards and sent them to relevant departments soliciting orders. The public security department at a higher level demanded that this matter be investigated as a serious case of falsifying documents. On learning of it, the chief responsible persons of the Wenzhou CPC Committee immediately phoned the relevant public security organ and took the matter up with it. It was considered that this was an act committed through ignorance and not something done on purpose. The best way was to use the means of education. Thus, the enthusiasm of the masses of Jinxiang town for the continuous development of commodity production was protected.

The Liushi district of Leqing County is a well-known production and marketing base for small hardware and low voltage electrical appliances. It has more than 10,000 household operators in the industrial field with an annual output value of 170 million yuan. Last year, taxes of more than 29 million yuan were handed over to the state. Some enterprises that could not obtain silver for contacts used white brass as a substitute and thus lowered the quality of products. The relevant industrial department issued a circular banning the purchase of low voltage electrical appliances producted by Liushi and also ordered the suspension of production. Upon learning of this, the Wenzhou City CPC Committee and the city government immediately sent a work team and technical personnel to help household operators of Liushi District in fixing things up and improving the quality of products. The county also invested in the building of an electrical product testing center to check the quality of products for export to other areas in a unified manner. It also selected relatively technically strong town and township enterprises as "factories in the lead" and let them provide technical services for household industry operators and keep a strict watch over quality. In addition, energetic help was offered in solving the problem of raw materials. Now, there has been quite a big improvement in the quality of the low voltage electrical products from Liushi.

In practice, the responsible persons of the Wenzhou City CPC Committee and the city government feld that the mushrooming of household industrial and commercial undertakings would inevitably be followed by some new contradictions and new problems and even some serious violations of the law. But this is not something to be feared. When contradictions appear, we should not get alarmed. Instead, we should observe things seriously, get hold of the essence or the main trend and actively give guidance. Suppression will kill. Only guidance serves to enliven things. With things enlivened, there will be prosperity. So long as we are bold in practice and good at giving guidance, the socialist commodity economy can surely develop in a more vigorous manner.

GUANGMING RIBAO ON REFORM, POLITICAL STRUCTURE

HK120438 Beijing GUANGMING RIBAO in Chinese 30 Jun 86 p 2

[Article by GUANGMING RIBAO special reporter Dai Qing: "On the Reform of the Political Structure in China -- An Interview With Yan Jiaqi"]

[Text] Yan Jiaqi, political science scholar, was born in 1942, a native of Wujing, Jiangsu.

He was a 1964 graduate of the University of Science and Technology, and became a postgraduate student in the same year at the Institute of Philosophy under the University of Science and Technology. He is at present director of the Research Center for Political Science under the Academy of Social Sciences of China, concurrently council member of the Society of Political Science, and vice chairman of the Society of Behavior Science; and his major publications are: "A Journey Transcending Times -- Visiting the Three "Justice Courts" of Religion, Reason, and Practice," "State Government Systems," "Life Tenure System and the Term System," and "On Head of State." -- end editor's note.

Question: In a symposium on cultural development held in May this year, you talked about reform of the political system. Comparing it with the current reform of the economic structure, do you think the call for reform of the political structure equally pressing?

Answer: Reform in the political system involves a lot of questions. Some are very pressing, such as the reform in the cadre system and the administrative structure, others should be carried out step by step. The basic issue is still the solution for the exececssive centralization of power, and the aim is to build a socialist political system and scientific structure with a high level of democracy. The occurence of the "Great Cultural Revolution" was related to the lack of a political structure with a high level of democracy. Regarding a socialist country like ours, whether the political structure is democratic or not has a direct bearing on the state's important decision-making and economic development. A nation or region in need of political democracy may experience temporary economic prosperity, but its long-term development will inevitably be impeded.

Answer: The excessive centralization of power seems to be the consequence of some comprehensive structural conceptual and even cultural tradition, and it cannot be decentralized at will. Even some people who have great power but little effectivneses to speak of are complaining themselves...

Answer: First, it is necessary to change the phenomena of excessive centralization of power step by step; however, the administrative power must be unified; otherwise, "Multi-headed politics" will emerge. The NPC is the state's organ of supreme power; however, the question of horizontal "division of power" exists whether in the central authorities or the province, municipality, and region. During the "Great Cultural Revolution," "horizontal division of power" was out of the question; under the slogan of consolidating the party's centralized leadership, the state's power was concentrated in the hands of a few people. Doing a good job of "horizontal division of power" involves not only the relations between the party and government. It is the usual practice in all countries of the world that the party in office is one holding the power of administration of the state. How to implement the "division between party and government" is an importante theoretical as well as practical question in the reform of the political structure.

Second, implement the vertical division of power. Power and responsibility are interrelated with each other, a person in a certain post has certain power and responsibility as well.

Administrative organs at a higher level may negate the decisions of organs at a lower level; however, they cannot take the place of organs at a lower level in their decision-making. [paragraph continues]

We are opposed to bureaucratism, requiring leading organs and responsible cadres to personally solve specific problems; this is the correct way. However, the concept of "vertical division of labor" must be established, and we should refrain from taking the place of organs at a lower level, doing things within the realm of their power. Some of our leading cadres believe that they can decide on whatever issues in a region or department, which runs counter to the principle of "vertical division of power." Deng Xiaoping says, "Our leading organs at various levels have handled affairs, which they should not have taken up in the first place, which they could not have done a good job in handling, and are quite beyond them," while "the overwhelming majority of people have often failed to handle problems which they should have dealt with independently with responsibillity." In my opinion, the rise of these phenomena is related to the absence of the concept and structure of "vertical division of power." We should start by reforming the system, make explicit the power and responsiblity of organs at various levels, and implement "vertical division of power."

Question: If the concept of centralization of power is not to be changed for the time being, would it be all right to draw up a set of regulations to restrict he excessive centralization of power?

Answer: You may perhaps remember the U.S. Watergate affair: At that time the District Court of Washington D.C. ruled that the president turn over the tapes relating to Watergate. Nixon declined to supply them, but demanded the Attorney General remove Special Prosecutor Cox from office. When the Attorney General refused to carry out the order and resigned, Nixon wanted a deputy attorney general to remove Cox from office; but he, too, refused and resigned. Finally, another deputy attorney general removed Cox from office, acting on Nixon's order. As we see it, a president "has the power to do whatever he chooses," so why didn't Nixon personally give a direct order to remove Cox from office? This is because the concept of "division of power" has struck deep in the minds of the American people. Within 10 days from when Cox was removed from office, Washington had received half a million angry telegrams condemning the President, when an avalanche of mail overwhelmed the Congress criticizing the president. In succession, the House Judiciary Commitee voted to impeach the president on three charges. Under these circumstancesd, Nixon was compelled to announce his resignation. Six years ago, Deng Xiaoping said: "Stalin gravely violated the socialist legal system; on this, Comrade Mao Zedong said, this would never happen in such Western countries as the United Kingdom, France, and the United States. Although he had come to see this point, the fact that he had not in practice solved the problems of the leadership system, and for other reasons, led to the disasters of the 'Great Cultural Revolution." In my opinion, our reform of the political structure aims to make the socialist system complete and perfect; it is imperative for us to basically guard against the repetition of such phenomenon as the "Great Cultural Revolution" in whatever forms. We must ensure steady, long-term political and economic development in China through reforms.

Question: So, in this sense, the change in concept is very important. "Power is everything," and "vertical division of power" is really quite different in concept.

Answer: I'm afraid it is the case. We have to little understand of the concepts of "division of power" and "restricting power with power." I have said that the discussion centering around cultural issues will serve as a guide to the reform in the political structure, and reform will inevitably lash at old concepts. To my mind, the reform in the political structure will certainly lash at the concept that "power is everything."

Question: I think certain matters that do not belong to the norm of horizontal or verical division of power, such as the arbitrary intervention of those in power in people's life or the intervention in academic studies and literary and artistic creation with administrative power, should also be listed in the targets of reform. If these problems are to be treated theoretically...

Answer: This is precisely the third point I shall deal with: The realm of government functions and power are limited. The realm that government's power should particularly not violate is "human rights." The realm of human rights various in different nations, and different historical stages. During the "Great Cultural Revolution," governmental, or political power might violate all realms of personal life. Even paying tribute to the late Premier Zhou Enlai, and the experession of one's grief were interfered with what "human rights" were there to speak of? If you memory is still good, during the "Great Cultural Revolution," such power organs as the revolutionary committees, the Works' Mao Zedong Thought Propaganda Teams, the PLA Mao Zedong Though Propaganda Teams or cultural revolutionary groups and their like not only intervened in people's fashion, hardos, hobbies, habits, and personal life, but their power even violated people's ideoligical realm -- compelling people to express their loyalty to Mao and Mao Zedong Thought, and such rituals as asking for Mao's instruction in the morning and reporting one's thoughts in the evening. People were deprived not only of their right of being joyful, their right of thinking, but even their right to express their grief. Hence, the outburst of the 1976 Tiananmen incident. In the course of the economic structural reform, we have come to understand that the power exercised by the government is restricted to a certain realm, and governmental departments at various levels should no longer directly operate and manage enterprises. The fact that government power is restricted to a certain realm means that this is actually a "division of power," a division of power between "governmental organs" and nongovernmental "social organs." To my mind, through reform of the political structure, not only should a certain realm of power be defined for the government's control over the economy, but a certain realm of power should also be made explicit for the government's managing of social affairs. Only then will it be possible to realize "academic fredom" and "freedom of literary and artistic creation" with guarantees.

Question: Concerning "academic freedom," and "freedom of literary and artistic creation," is not opening channels for thinking and speech of primary importance?

Answer: I believe this is the case. Promotion of the "double-hundred" policy is precisely to open up the path for "academic freedom," and "freedom of literary and artistic creation." However, freedom should be guaranteed. [paragraph continues]

"Freedom is the right to do whatever is possible within the parameters of the law," and this concept is a progressive product of human civilization. In the course of reforming the political and economic structures, this concept should be deeply imbred in the hearts of the people. Therefore, in the course of reform, we must put the building of the legal system in a very important place.

Question: Has division of power in the above-mentioned three respects generalized the reform of the political strucutre?

Answer: No. There is a fourth, and most fundamental and important point, that is, relations between the people and the government. It is imperative to enable the people to participate directly or indirectly, and more and better in the decision-making of state affairs. This will naturally involve China's basic system, as well as the problem of how to complete and perfect the People's Congress system. Democracy should be guaranteed by the legal system; however, the existence of the legal system does not necessarily mean the equal existence of democracy. Building a socialist political system with a high level of democracy means exactly expanding the participation of the citizens in policies. This involves a series of questions such as the nomination system of people's delegates. The procedures of their election, as well as their qualifications.

From a long-term perspective, reform of the political structure involves chiefly the following four aspects: horizontal division of power; vertical division of power; the division of power between government, and social organs; and the degree of people's participation in political decision-making. Since the year 1979, great changes have actually taken place in these four respects; and political reform is precisely carried out along these four channels. In China, building a political system with a high level of democracy is synonymous with strengthening and improving party leadership. The reform of the political structure will affect the whole nation and every one in the country. But I think we should stress three other points: First, reform must be carried out under the party's leadership, since reform is not a spontaneous mass movement, and our reform cannot be successful if it deviates from the CPC leadership. Second, reform of the political structure aims to build a political system with a high level of democracy, to ensure the success of the reform of the economic structure, and to serve socialist modernization. And third, the reform of the political structure should be conducted step by step. Most pressing in the near term is the reform of the cadre system and the administrative structure, in order to change the phenomena of making no separation between the functions of party and government, and between the functions of government and enterprises, and to push forward the development of China's reform of the economic structure. In short, the reform of the political system should be carried out with the leadership, and targets, step by step. Together with the reform of the economic structure, they will become the two giant wheels carrying forward the modernization of our great motherland.

JINGJI RIBAO ON ENTERPRISE BANKRUPTCY SYSTEM

HK130915 Beijing JINGJI RIBAO in Chinese 5 Jul 86 p 3

[Article by Yang Guoliang: "The Question of Ownership in the Enterprise Bankruptcy Theory"]

[Text] The question of ownership in the enterprise bankruptcy theory is a very important one. [paragraph continues]

The current practice is to use the theory of separating ownership from managerial power to explain the transfer of the means of production in state enterprises after they go bankrupt. On the whole, this method is correct but it has not gotten to the heart of the matter. Some comrades have provided a new train of thought for an in-depth study of this issue by using the method of a joint-stock system to solve the question of ownership when state enterprises go bankrupt. In my view, however, this method still cannot satisfactorily solve the contradiction. There are at least two aspects of the problem that we should take into consideration. On the one hand, with the institution of the joint-stock system in socialist enterprises, the major shares still belong to the state. Therefore, there is still a question of transferring public property when joint-stock enterprises go bankrupt. On the other hand, the joint-stock system is not the only pattern in the socialist economy. Nor is it the only pattern in the capitalist economy. How do we explain the question of ownership in the enterprise bankruptcy theory in the context of the socialist economic sectors not practicing the joint-stock system? Moreover, the establishment of the enterprise bankruptcy system is a pressing need in the current reform of the economic structure, while the establishment of the joint-stock system will still take a fairly long time. For this reason, in solving the question of ownership in the enterprise bankruptcy theory, it is necessary to open up new channels and to further broaden our vision.

First, we should view the question of ownership in the enterprise bankurptcy theory as a whole and from the macro level. Following the implementation of the enterprise bankruptcy law, only a small number of state enterprises go bankrupt. First and foremost, this is determined by the law of value governing the commodity economy. Moreover, the state can restrict the number of bankrupt enterprises to a small proportion. The bankruptcy of a handful of enterprises does not affect the character of public ownership of the social economy as a whole. The continued survival of the great majority of state enterprises not only ensures the dominant position of socialist public ownership but the establishment of the bankruptcy system has also invigorated and developed the enterprise, thus further consolidating and expanding socialist public ownership. Taken as a whole, therefore, the enterprise bankruptcy system is not in contradiction with socialist public ownership.

Next, we should view the question of ownership in the enterprise bankruptcy theory from the dynamic state and from its overall significance. Viewed statically, the ownership of state property in insolvent enterprises has been transferred. Viewed dynamically, this transfer happened long ago as a result of the losses suffered by the enterprises over a long period of time. Viewed one-sidedly from the material form, the means of production used by the enterprises still exist. Viewed comprehensively from the material form, however, the ownership of the means of production used by the enterprises has been transferred in the form of debt following the losses sustained by the enterprises. Therefore, it is a long-established fact that the enterprises have gone bankrupt. Before the implementation of the enterprises bankruptcy law, the ownership of the means of production was transferred in a covert manner. This form of transfer can be described as a covert transfer. Following the implementation of the enterprise bankruptcy law, the ownership of the means of production is transferred in an overt manner. This form of tranfer can be described as an overt transfer. [paragraph continues]

In the past we refused to admit the existence of bankruptcy and, in dealing with actual bankrupt enterprises, used the method of converting to the manufacture of other products, amalgamating with other enterprises, suspending operations, or shutting down. In doing so we not only failed to avoid the transfer but also mixed up the normal transfer due to our failure to define the principle for dealing with debt relationships. The implementation of the enterprise bankruptcy law is nothing but an act of admitting the transfer as a fact and of turning the covert transfer into an overt one. It is aimed at holding some enterprises responsible for their bankruptcy rather than making some enterprises go bankrupt. Undoubtedly, this represents a safeguard of socialist public ownership. For this reason, viewed from the transfer of ownership of individual enterprises, the enterprise bankruptcy system is not in contradiction with public ownership.

Again, we should analyze the rational transfer of ownership in the enterprise bankruptcy system from changes in the state's attitude toward assuming responsibility for the operational risks of enterprises. The operational risks include both investment decisions and operations and management. In the traditional economy, the state not only assumes all sorts of risks for the operations of enterprises but also undertakes unlimited responsibilities. Given the separation of ownership from managerial power, the implementation of the enterprise bankruptcy system has effected changes in the relationship between the state and enterprises. As an investor the state assumes risks for its investments and as dealers the enterprises assume risks for their operations and management. With regard to the property which the state entrusts to enterprises for its operation, instead of assuming unlimited responsibilities the state only assumes limited ones. As an investor, the state still may suffer losses as a result of poor management on the part of enterprises. However, with the implementation of the enterprise bankruptcy system, the state has considerably decentralized and reduced its operational risks. The state no longer assumes unlimited responsibilities for enterprises with the use of state property. This constitutes a kind of protection for state property. Following the implementation of the enterprise bankruptcy system, we have ceased the transfer of the ownership of essential production factors chiefly manifested in the form of currency as a result of continuously compensating for the losses of enterprises. Once the enterprises go bankrupt, the transfer of ownership is limited only to the means of production operated by the enterprises. The rationality of the system is obvious to all.

Lastly, by admitting that enterprises may go bankrupt we have perfected the method of enterprise survival. Under the traditional structure, enterprises never go bankrupt once they are established and the production structure cannot be normally regulated. This method of enterprise survival is a distorted one. The establishment of the enterprise bankruptcy system makes it possible for the enterprises to exist and to die out, thus straightening out the distorted method of enterprise survival. The method of enterprise survival is a process of self-perfecting the mode of production. This process of self-perfection develops on the basis of maintaining the character of production mode. Therefore, the enterprise bankruptcy system is not in contradiction with socialist public ownership.

Bankruptcy Law Urged

HK130542 Beijing JINGJI RIBAO in Chinese 5 Jul 86 p 3

[Article by Jiang Yiwei: "The Positive Significance of Enforcing the Bankruptcy Law"]

[Text] The term "bankruptcy law" is negative. However, its implementation has positive significance.

First, the implementation of the bankruptcy law is an objective demand of the socialist commodity economy. The fundamental purpose of reform is to establish a planned commodity economy system. Under the old system, enterprises run by the whole people were owned by the state and were actually the subsidiary bodies of the state organs. Enterprises owned by the collectives also tended toward state ownership and lacked independence. This inevitably led to "eating from the same big pot" and the "iron rice bowl" system. The "Decision of the CPC Central Committee on Reform of the Economic Structure" explicitly pointed out that enterprises are producers and operators of commodity production as well as relatively independent economic entities. "Relatively" here refers to the economic relations between the state and enterprises. As the state exercises management over enterprises on behalf of the whole people, enterprises cannot be entirely independent. The major principles and policies should still be decided by the state. However, the relations between enterprises are not relative, but absolute and entirely independent. Only by struggling for existence and development through competition on the market can enterprises have vitality. Enterprise vitality comes from both motivation and pressure. Enterprise invigoration can be possible only when it has both motivation and pressure. Since enterprises cooperate as well as compete with each other, some may develop while others may decline in competition, resulting in only the best surviving. This is the only way to encourage enterprises to continuously advance and develop. Therefore, the bankruptcy law is the objective demand of the commodity economy. It must be clearly pointed out that the bankruptcy law mainly deals with the property rights of the poorly managed enterprises that are on the brink of bankruptcy rather than the responsibility for their poor management and operations.

Second, enterprises should carry out independent operations and management and assume sole responsibility for their profits and losses. When independent operations and management and sole responsibility for profits and losses are mentioned nowadays, the emphasis is always put on profits. The bankruptcy law has solved the question of assuming sole responsibility merely for profits rather than for both profits and losses, thus thoroughly smashing the "iron rice bowl" and the "same big pot" and enabling enterprises to benefit from profits and suffer from losses. As our current laws are not yet perfect and the authority of our legal system has not yet been established, enterprises usually have power without responsibility or responsibility without power. Power can be turned into motivation and responsibility into pressure. Only when both factors are combined can we truly invigorate enterprises and arouse their initiative.

Third, there are the gains and losses of enterprise assets. What do we mean by gains and losses? Regarding this question, we should take the production costs into account.

If the production costs increase while the prices remain unchanged, enterprises may suffer losses. If only profits are taken into account, it means that the enterprises have not assumed sole responsibility for their profits and losses and they are not aware that the losses will eventually lead to total loss of enterprise assets. Nobody taking care of enterprise assets is a major defect of the old system. Moreover, we lack funds for construction. The implementation of the bankruptcy law has played an extremely important role in solving the question of funds shortages and poor management over gains and losses of assets and use of funds. It has posed a question of how socialism should correctly deal with funds.

Fourth, it helps enhance the sense of the legal system. We usually say that an enterprise is a corporate body, but we are not sure about the role of a corporate body. By implementing the bankruptcy law, we can clearly define the legal position of enterprises and the power and obligations of a corporate body. As a corporate body, an enterprise enjoys the power and also undertakes the obligations stipulated by law. Bankruptcy is an important aspect it should be aware of. Can the bankruptcy law be put into effect immediately? Some comrades hold that it should be put into effect with corresponding measures taken. In my opinion, the reform as a whole should be carried out with the corresponding reforms. We simply cannot introduce the bankruptcy law after enacting other laws. I believe the bankruptcy law should go ahead of the rest. One the one hand, it should go ahead of the rest, and on the other hand, we should pay close attention to the corresponding reforms.

COMMENTATOR ON ROLE OF CERTIFIED ACCOUNTANTS

HK140921 Beijing RENMIN RIBAO in Chinese 11 Jul 86 p 2

[Commentator's article: "Attach Full Importance to the Role of Certified Accountants"]

[Text] Over the past few years, accounting firms have been set up one after another all over the country and a number of certified accountants have passed examinations and obtained their qualifications. They have been playing an important role in our domestic and external economic activities. Now, the State Council has promulgated the "Regulations for Certified Accountants of the People's Republic of China" in order to meet the requirements of the economic structural reform and the development of the situation of our construction. They are important regulations that will give further play to the role of certified accountants.

Certified accountants are professionals who are engaged in work prescribed by law with the approval of the state. They differ from accounting workers in state organs and ordinary enterprises and institutions. They have wide-ranging knowledge and work experience in the fields of accounting, finance, taxation, law, and economic management and must undergo strict examinations. Only when they have passed the examinations can they join an accounting firm. The work of certified accountants is largely to be entrusted by law as a third party to examine whether the accounting reports and other financial data provided by the economic organizatons under investigaton are legal and true and to gieve reports on this which have legal force. [paragraph continues]

An accountancy firm formed by certified accountants is not a functional department of any state organ, nor does it rely economically on the state or any other units. Therefore, they can maintain their independent, objective, and just stand in their work. By so doing, they can play an important role in curbing various kinds of economic activities that violate law and discipline, ensure the smooth development of the economic reform, and guarantee the legitimate rights and interests of the economic sectors in which foreigners participated.

Certified accountants' work is conducive not only to enlivening the economy at home but also to opening up to the outside world. Our country's economic laws and regulations concerning foreigners all have clear stipulations on the work of Chinese accountants in auditing their accounts, verifying their capital, and settling their accounts. This conforms to international convention and is conducive to drawing in foreign capital and importing technology. The work done by certified accountants cannot be replaced by government auditing or any other departments.

The establishment of the system of certified accountants is a new task, for which we lack both personnel and experience. Therefore, in establishing accountancy firms, we should work systematically in the light of the needs of our actual work and with our actual conditions and focus our energy on key areas, and we must guard against the malpractice of setting them up indiscriminately in large numbers and possessing poor quality. When we employ certified accountants, we must have them undergo strict examinations in accordance with regulations, strictly evaluate them and allow only those who have passed the examinations to register as certified accountants, and issue certificates to them in order to ensure the quality of the contingent of accountants.

BAN YUE TAN ON MAJOR CONSTRUCTION PROJECTS

HK111439 Beijing BAN YUE TAN in Chinese No 12, 25 Jun 86 pp 9-12

[Article by Cao Zhiheng and Mu Hong: "Laying a Foundation for Economic Takeoff -- A Talk on 180 Major Construction Projects in the Seventh 5-Year Plan"]

[Text] During the Seventh 5-Year Plan period, a total of 925 large and medium-sized projects are to be put under constructon, of which 180 are major construction projects, each with a total investment of over 500 million yuan. Total investment in these major construction projects amounts to about three-fourths of the total investment in the large and medium-sized projects during this period. The investments in certain projects are as high as several billion or even more than 10 billion yuan. Of these major construction projects, about 40 percent are new projects, and the rest, about 60 percent, are projects for transforming and extending old enterprises. This reflects the policy of the central authorities on shifting the focus of construction to the technical transformation and extension of existing enterprises.

At present, China's basic facilities and basic industries, such as energy resources, communication and transportation, and raw materials, are comparatively weak. This becomes a main factor restraining the development of our economic construction. The development of the major construction projects in the Seventh 5-Year Plan period is chiefly aimed at solving this problem. Of the 180 major projects, 166 concern energy resources, communication and transportation, and raw materials.

They become the main body of the capital construction projects of the Seventh 5-Year Plan. Completion of these projects will lay a solid foundation for the further development of China's national economy. According to the designs for these projects, the following targets should be attained: Some 194 million tons of raw coal will be mined and 55 million tons of crude oil be recovered; some 42 million kilowatts of electricity will be generated; more that 2,500 kilometers of new railways will be built, while more than 4,600 kilometers of railways will be double-tracked and more that 3,400 kilometers will be electrified; the handling capacity of coastal ports will be increased to about 160 million tons; and more that 9.3 million tons of steel, 8 million tons of iron, and 5.4 million tons of rolled steel, as well as some 900,000 tons of ethylene, will be produced.

The 180 major construction projects include 86 energy projects. Of this, the coal industry will transform and extend 24 large-scale mining areas. Some of them will increase their mining capacity to over 10 million tons a year, including Hebei's Kailuan mining area, Shanxi's Datong and Jancheng mining areas, Liaoning's Tiefa mining area, Anhui's Huainan mining area, and Shandong's Yanzhou mining area. The new coal-mining capacity of these 24 mining areas expanded during the Seventh 5-Year Plan period will be about 60 percent of that of the whole country. They will become a main force to ensure that China's coal output will reach 1 billion tons in 1990.

The oil industry will transform and extend nine large-scale oil fields, including the Daqing, Sheli, Huabei, Dagang, Liaohe, nd Sanjiang oil fields. The expanded oil recovering and natural gas extracting capacities of the nine oil fields during the Seventh 5-Year Plan period will respectively be about 90 and 80 percent of those of the whole country. This will be an important guarantee for increasing China's crude oil output to 150 million tons and natural gas output to 15 billion cubic meters in 1990.

There are 53 major projects for the power industry, including 17 hydropower stations, 32 thermal power stations, and 2 high-tension power transmission and transformation lines. Among them are some large-scale hydropower stations such as Hubei's Gezhouba, Qinghai's Longyangxia, Guangxi's Yantan, and Jilin's Baishan, which are being built on the upper and middle reaches of Changjiang, the upper reaches of Huanghe, and the Honghe Valley, and some large-scale thermal power stations, such as the new power station in Datong, Shanxi, the Pingyu Power station Anhui, and the Shidongkou power station in Shanghai, which are being built in the major coal production and power consumption areas. There are also some new hydropower stations and thermal power stations to be built during the same period, such as Fujian's Shuikou, Yunnan's Manwan, Hunan's Wuqiangxi, and Qiughai's Lijiaxia hydropower stations and Zhejiang's Beilungang and Shanxi's Shentou thermal power stations. The new power generating capacity of these power projects will be more than two-thirds of the total power generating capacity of all the power stations put into production during the same period.

In order to improve the transport of coal from Shanxi to other provinces and to promote foreign trade and export, the main communication and transportation projects will be the construction and transformation of some railways and construction, transformation, and extension of a number of berths.

In railway construction, there are 25 projects, mainly including the constuction of the Datong-Qinhuangdao railway, the Xinxiang-heze railway, and the Houma-Yueshan railway; the projects of double-tracking both the South and North Tongpu railways; and the projects of double-tracking and electrifying some old railway trunk lines. These railway projects, when completed, will further link up the energy and raw materials bases in China's central and western parts and its coastal industrial areas.

In the construction of ports and highways, there are 13 projects, including the construction and reconstruction of 9 important sea ports, 2 highways (the Beijing-Tianjin-Tanggu and the Shenyang-Dalian highways), and 2 inland navigation lines (the Changjiang main navigation line and the Xuzhou-Yangzhou section of the Beijing-Hangzhou canal).

Regarding the raw material industry, there are 41 projects, including 8 projects for the iron and steel industry. While continuing the construction of the second-phase project of the Baoshan iron and steel complex in Shanghai, some old and key enterprises, such as the Anshan, Benxi, Panzhihua, and Wuyang iron and steel works, will be extended and transformed. For the nonferrous metal industry, there are chiefly eight projects, including the aluminum factories in Shanxi, Qinghai, and Henan Provinces, the nonferrous metal bases in Gansu's Jinchuan and Baiyin, and the copper industrial bases in Jiangxi. During the Seventh 5-Year Plan period, the alumina production capacity will be increased to 1 million tons, while that of aluminum electrolysis will be increased to 330,000 tons. This period will thus become one of the best harvest of nonferrous metals since the founding of the state.

In order to enhance its self-sufficiency in the production of basic chemical industrial raw materials, China will build three large soda factrories in Hebei's Tanshan, Jiangsu's Lianyungang, and Shandong's Shouguang, which will be capable of producing a total of 1.8 million tons of soda ash a year. At the same time, the phosphorus mines in Guizhou and Hubei will be built or extended, which will increse the abilities of extracting and dressing phosphorus ares by 4 million tons each.

There are 10 projects for the petrochemical industry. construction f the three ethylene production projects -- Heilongjiang's Daqing, Shandong's Qilu, and Jiangsu's Yangzi ethylene projects -- will be continued. Other projects are mainly for the transformation and extension of existing enterprises in order to increase their crude oil processing ability and product varieties. After these projects are completed, a more solid foundation will be laid for China's chemical industry as well as light and textile industries.

In the other fields, the main projects with an investment of more than 500 million yuan include the Yizheng chemical fibre industrial complex in Jiangsu, the polyester fibre project in Shandong's Jinan, the sodium phosphate factory in Yunnan's Kunming, the detergent factory in Liaoning's Fushun, the project to bring Huanghe under control, the key project of the Feilaixia water conservancy works in Guangdong,the first-phase project of the eastern line facilities for drawing water from the south to the north, and the project for the 1990 Asian Games in Beijing.

During the Seventh 5-Year Plan period, with the deep-going reform of the economic structure, there will certainly be a new upsurge on the front of capital construction. The 180 major construction projects will play an important role in readjusting China's industrial structure, enhancing China's economic strength, and ensuring continuous and steady growth of the national economy in the 1990's. They will also lay a solid material and technical foundation for China's economic take off. Let us all do our bit for the 180 major construction projects so as to push our economic construction to a new height.

BAN YUE TAN VIEWS GRAIN PURCHASE CONTRACTS

HK111311 Beijing BAN YUE TAN in Chinese No 12, 25 Jun 86 pp 26, 27

[Article by Zhao Huazhou: "On Grain Purchase Contracts"]

[Text] Perfecting the system of grain purchase contracts is part of the extremely important content of the second step of rural reform which is being carried out in a thorough manner this year. Doing a good job in this respect will further place agricultural production in the orbit of the planned commodity economy, better arouse the peasants' enthusiasm for growing grain, and effectively guarantee the country's socialist modernization.

At present, although grain purchase contracts have basically been put into effect throughout the country, quite a number of them are only put into effect at the village or township level and not the household level. Even if they are put into effect at the household level, the problem of how to ensure their fulfillment still remains. Therefore, perfecting grain purchase contracts is still an important task, which we must not relax our efforts to fulfill. The recent national meeting on grain work held that in addition to taking various concrete measures including economic and administrative measures to perfect grain contracts, even more important is to unify the thinking of cadres and peasants and guide them to have comprehensive understanding of the nature of grain purchase contracts.

In a speech delivered at the end of last year, Premier Zhao Ziyang pointed out: Grain purchase contracts are both economic contracts and tasks as signed by the state that must be fulfilled. A process of gradual transition is required for the development of a contract system that is not quite sound to a true economic contract system. What he said has made clear the duality and transitional nature of the grain purchase contracts at present and is a correct summing up of the nature of grain pruchase contracts at present.

We should regard Premier Zhao Ziyang's analysis on the nature of grain contracts as the guiding ideology for doing a good job in purchasing grain. First, since they are economic contracts, we should adhere to the principle of negotiation and, if possible, strive to give some preferential treatment to the peasants to show consideration for their economic interests, for example, supplying them with some means of production at a discount, paying certain amount of earnest money, and so on. Second, since they are tasks assigned by the state that must be fulfilled, we cannot treat them as ordinary economic contracts. We should not overstress reciprocity. These contracts are to be made whether one is willing or not. [paragraph continues]

We must educate the peasants to correctly handle the relations between the state, the collectives, and the individuals; to enthusiastically make contracts with the state; to seriously fulfill contracts; and to make greater contributions to modernization. Third, since transition from an incomplete economic contract system to a true and complete economic contract system is involved, we must make efforts to create conditions for promoting such a transition so that the administrative means for making contracts can be gradually replaced by economic means. The transition is indispensable and retrogression is not permitted.

This is the 2d year since the system of state monopoly for grain purchase was changed to the system of grain purchase contracts. The practice in the past year or so has shown that the work in purchasing grain is carried out well in many localities, but it is not properly carried out in a few localities. An important reason for not doing the work well is that the nature of the grain purchase contracts is one-sidedly and not comprehensively understood. Some comrades worked for many years under the system of state monopoly for grain purchase. They only see the side of "tasks assigned by the state" of the new contract purchase system and do not see the side of "economic contracts." In purchasing grain, they continue to use the old method of apportionment. If they made some efforts, they could create conditions for using economic means, but they do not. Consequently, they turn contracts into "notices on job assignment." On the contrary, other comrades only see the side of "economic contracts" and do not see the side of "tasks assigned by the state." They inappropriately demand that the state exchange at equal value with the peasants all means of production at a discount and they do not duly do ideological work. The former kind of one-sidedness is the chief one. However, both kinds of one-sidedness is the chief one. However, both kinds of one-sidedness are harmful to the perfection of the system of grain purchase contracts and therefore should be corrected.

This year's summer harvest has started and the work to purchase summer grain will soon start in an overall manner. Purchasing is an important link in fulfilling grain contracts. We hope tht relevant departments, grain departments in particular, will have comprehensive understanding of the nature of grain purchase contracts, strictly implement the state policies, make good preparations for grain purchase, arouse the peasants' enthusiasm for selling grain, and ensure smooth completion of the task of purchasing summer grain.

MINISTERS EXCHANGE VIEWS ON COOPERATION

OW122022 Beijing XINHUA Domestic Service in Chinese 0757 GMT 11 Jul 86

[Excerpts] Beijing, 11 Jul (XINHUA) -- The General Office of the State Council recently issued to all localities and departments a circular on distributing the summary of a discussion between Comrade Zhu Xun and Comrade Wang Tao. The circular pointed out: Minister of Geology and Mineral Resources Zhu Xun and Minister of Petroleum Industry Wang Tao on their own accord have discussed cooperation between the two ministries. During the discussion, they comprehensively exchanged views, conscientiously solved problems, and made a good start in strengthening and improving the lateral ties and cooperation between the two ministries. Leading comrades of the State Council appreciate and encourage such an initiative in talking things over.

The circular urges the principal responsible comrades of all localities and departments to emulate such a practice, pay attention to coordination in work, and take the initiative in resolving major issues concerning two or more localities or departments through consultaion in consideration of the interests of the whole. It also urges them to prevent wrangling, overcome bureaucracy, improve working efficiency, and play an exemplary role in improving party conduct and office work style and in promoting lateral cooperation.

Not long ago, Minister of Geology and Mineral Resources Zhu Xun and Minister of Petroleum Industry Wang Tao comprehensively exchanged views on promoting cooperation between the two ministries in order to discover more oil and gas deposits and further develop the petroleum industry. They prepared a "summary of discussion." [passage omitted]

The two ministers hold: Promoting lateral cooperation between departments not only conforms to the spirit of reform, but also enables different departments to enjoy the benefit of cooperation while giving full play to their own strength. The cooperation may take various forms. For instance, surplus manpower from the Ministry of Geology and Mineral Resources may contract to build various construction projects of the Ministry of Petroleum Industry. The two ministries may conduct joint prospecting in a region according to a unified plan. In a few regions, they may cooperate in oil and gas extraction. They may also cooperate closely in training each other's specialized personnel, exchanging technological experience, and providing technological support.

In order to avoid unnecessary repetition and make the oil and gas prospecting funds yield maximum economic results, the two ministers have agreed that in oil and gas prospecting, the two ministries will formulate a unified plan, rationally divide the work and do it in a coordinated way, with each supplying the data of its working zones to the other. [passage omitted]

RENMIN RIBAO Urges Consultation

HK151019 Beijing RENMIN RIBAO in Chinese 12 Jul 86 p 1

[Commentator's article: "Advocate Taking the Initiative in Talking Things Over"]

[Text] Zhu Xun, minister of Geology and Minister Resources, and Minister of Petroleum Industry Wang Tao of their own accord have recently discussed cooperation between the two ministries. They comprehensively exchanged views to solve some long-standing problems, thus making a good start in strengthening the lateral ties and cooperation between the two ministries.

For various historical reasons, there are quite a few drawbacks in the present managerial system of our geological work, such as separation of departments from each other, each doing things in his own way, and not keep in touch with each other. All these are major stumbling blocks to oil and gas prospecting and extraction and other geological work.

Disregarding the long-standing practices in the economic managerial system, the minister of petroleum industry and the minister of geology and mineral resources attached primary importance to the interest of the whole and solved problems through consultation. This is the result of improving party conduct and office work style.

At present it is hard to solve some problems involving different departments or localities because they block the passage of information to each other, shift responsibility onto each other, and argue over trifles. Such bureaucratic practices are absolutely out of tune with the policy of opening up to the outside world and invigorating the domestic economy. Of course, these practices involve some shortcomings of our managerial system, but they mainly result from bad work style of some leadership cadres. Most leading cadres of our various departments and localities are Communist Party members, they share a common goal and work under the same guidelines. All departments and localities have their own actual conditions and interests. As responsible persons of these departments and localities, it is natural for them to consider and safeguard their own interests. However, in terms of the country as a whole and the interests of the whole, the interests of departments and localities are merely partial interests, no matter how important they are. The part must be subordinated to the whole. In dealing with any problems in our work, as long as all of us proceed from the interests of the whole, attach primary importance to the interests of the country, and take the initiative in talking things over, we will certainly come up with good solutions. Without an overall point of view and the spirit of taking the initiative in talking things over, things cannot be easily done even if there is a perfect managerial system.

It is our hope that more and more leading comrades of localities and departments will set an example in improving party conduct and office work style as have the minister of geology and mineral resources and the minister of petroleum industry, so as to play an important role in developing the lateral ties and cooperation between different localities and between different departments and in stimulating reform of the economic and political structures.

CHEN GUANGYI ATTENDS FUJIAN CYL MEETING

OW090523 Fuzhou Fujian Provincial Service in Mandarin 1030 GMT 3 Jul 86

[Text] The Third Enlarged Meeting of the Seventh Fujian Provincial CYL Committee ended in Fuzhou yesterday. The meeting relayed the guidelines set by the national meeting to exchange experience in helping rural youth master practical skills, and made arrangements for conducting training among rural youth to study practical techniques. Prior to the meeting, Chen Guangyi, secretary of the provincial CPC Committee, heard a briefing on the work of popularizing practical skills. He called on all CYL organizations in the province to give technical training to young people in the countryside. He said: We must pay full attention to poor areas, including old revolutionary bases, places inhabited by people of minority nationalities, remote districts, and offshore islands. At the same time, we must pay full attention to town, township, and village enterprises. We should use various training methods to train 1.6 million young people in Fujian's countryside in 3 to 5 years. Chen Guangyi also called on all departments concerned to support the CYL with manpower, material, and financial resources in doing ideological work.

During the meeting, (Ding Fusheng), secretary of the Fujian Provincial CYL Committee, gave a work report. He called on CYL organizations at all levels to closely coordinate with the various departments concerned and work hard to finish training 390,000 young people in Fujian within a year. He also urged them to mobilize all sectors of society to join efforts to form a complete network for the training of young people in Fujian's rural areas.

JIANGXI TRANSFERS MILITIA TO LOCAL AUTHORITIES

OW101031 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 7 Jul 86

[Excerpts] In transferring People's Armed Forces departments to the local authorities, the various counties and cities in Jiangxi have adopted a principled stand and taken the lead in correcting party style. Since the work of transferring the People's Armed Forces departments in the various prefectures, counties, and cities have consciously conformed with the 10-point standard set by the provincial military district in bringing about a fundamental change for the better in improving party style, and have regarded this transfer as an indication of success or failure in carrying out party rectification. In the course of the transfer, they have adhered to the principle of transferring all facilities and funds to the proper authorities without retaining anything for private use. [passage omitted]

In the course of carrying out the transfer, none of the People's Armed Forces departments in Jiangxi's 101 prefectures, counties, and cities has retained any public property or fund. All public properties and funds have been smoothly turned over to the proper local authorities.

SHANDONG REPLACEMENT OF OFFICIALS ANNOUNCED

Secretary General, Department Heads

SK130558 Jinan DAZHONG RIBAO in Chinese 29 Jun 86 p 1

[Text] In accordance with the nomination of Li Changan, provincial governor, the 20th Standing Committee meeting of the 6th provincial People's Congress decided to appoint Ma Zhongchen (concurrent) secretary general of the provincial people's government, Meng Zhaoju [1322 2507 3515] director of the provincial Public Security Department, Liu Hengshan [0491 1854 1472] director of the provincial Commercial Department, Yu Yanhao [0060 1693 3185] director of the provincial Audit Bureau, and Cao Yunjiang [2580 0061 3068] director of the provincial Grain Bureau; and to dismiss Liu Yong from the post of secretary general of the provincial people's government and Han Bangju from the post of director of the provincial Public Security Department.

People's Procuratorate Personnel

SK130654 Jinan DAZHONG RIBAO in Chinese 29 Jun 86 p 2

[Text] On 28 June, the 20th Standing Committee meeting of the 6th provincial People's Congress decided to appoint Zang Kun member of the Procuratorial Committee of the provincial People's Procuratorate, Zhao Changfeng [6392 7022 7685] deputy chief procurator of the provincial People's Procuratorate and member of the Procuratorial Committee, and Zheng Kaiyon [6774 7030 0645] chief procurator of the Yantai City People's Procuratorate, and to dismiss Li Huimin from the post of member of the Procuratorial Committee of the provincial People's Procuratorate and Yuan Changlin from the posts of deputy chief procurator of the provincial People's Procuratorate and member of the Procuratorial Committee of the provincial People's Procuratorate.

Higher People's Court

SK130652 Jinan DAZHONG RIBAO in Chinese 29 Jun 86 p 2

[Text] On 28 June, the 20th Standing Committee meeting of the 6th provincial People's Congress decided to appoint Han Bangju member of the Judicial Committee of the provincial Higher People's Court and Meng Zhaoke [1322 2507 4430] vice president of the provincial Higher People's Court and member of the Judicial Committee of the provincial Higher People's Court; and to dismiss Liang Deshan from the post of member of the judicial committee of the provincial Higher People's Court, Gu Junwei and Ji Fangji from the posts of vice president of the provincial Higher People's Court and member of the judicial committee of the provincial Higher People's Court, and Meng Zhaoke from the post of director of the Economic Judicial Department of the provincial Higher People's court.

SHANDONG MEETING ON LEGAL KNOWLEDGE ENDS

SK110619 Jinan Shandong Provincial Service in Mandarin 2200 GMT 10 Jul 86

[Excerpts] A 5-day provincial meeting to exchange experiences in popularizing legal knowledge successfully concluded in Weifang City on 10 July. Lu Maozeng, deputy secretary of the provincial CPC Committee, attended the meeting and gave an important speech.

This meeting proceeded successfully in an enthusiastic atmosphere. The participants introduced their experiences and visited some places. During the meeting, 11 advanced units, including those from Weifang and Yantai Cities and Zhucheng County, introduced their experiences to the participants. The experiences of these units in encouraging leading cadres to take the lead in studying and applying to law, in educating the people to manage cities, plants and villages in accordance with the law, and in promoting improvement in social habits enabled the participants to broaden their fields of vision, and inspired and educated them. [passage omitted]

The participants expressed their determination to conscientiously implement the guidelines of this meeting, to bring back to their own localities the good experiences and methods of the advanced units, to vigorously carry out legal knowledge popularization work, and to strive to realize the demand of the central authorities on popularizing legal knowledge in 5 years, so as to expedite the pace of building the socialist legal system.

In his speech given at the meeting, Comrade Lu Maozeng, deputy secretary of the provincial CPC Committee, pointed out: In order to make a new breakthrough in popularizing the legal knowledge, first of all, we should improve the ideology and understanding of the CPC committees at all levels. Comrade Lu Maozeng touched on the issues in three aspects in order to make the CPC committees at all levels further enhance their understanding and strengthen leadership over the work of popularizing legal knowledge.

He said: The development of the four modernizations drive and the deepening of the economic reform demand that we strengthen our awareness of legal knowledge and gradually change our old practice of simply depending on policies while managing things into one of depending not only on policies but also on the law. The law is more powerful than policies in ensuring the desire of the party and the people. Along with the trend of development, more and more well-considered policies will be legalized. Under the new situation, if we still follow the old habit of simply depending on policies while managing things, and neglecting the practice of managing things in accordance with the law, our work will be carried out in a casual manner and the phenomenon of distorting the party's policies and the law with indigenous policies will emerge. Our CPC committees at all levels, particularly leading cadres at all levels, should clarify this point ideologically.

Comrade Lu Maozeng said: The development of the production force, and the change in the production relations have set forth objective demands on using legal means to readjust the complicated relations in the various economic sectors. To this end, we should ideologically clarify the active role of the law in economic construction and reform. At present, the role of the law in the economy is to consolidate the basic socialist economic system, safeguard the achievements in economic construction and economic reform, ensure the normal economic ties and legal relations among the legal persons and other economic associations, and ensure that the public property of the state and the collectives as well as the legal rights of all citizens will not be infringed upon. If leading cadres at all levels fail to understand such an issue, to study and understand the law and to manage the economy with economic means, it will be impossible for them to adapt themselves to the new situation of reform and opening to the outside world and then they cannot be called competent leaders. [passage omitted]

In his speech, Comrade Lu Maozeng stressed: We should integrate the party's leadership with the practice of running the country in accordance with the law. He criticized some party-member leading cadres for their acts of taking one's words as the law and of stifling the implementation of the law with one's power, infringing upon the citizens' personal right at will, and ignoring the dignity of the law. He pointed out: None of the party organizations and party-member cadres has special privileges that allow them to overstep the limits of the Constitution and the law. He said: The party leads the people in enacting and observing the law. One of the important tasks of the CPC committees at all levels is to ensure the correct implementation of the law in their own localities and units and to safeguard the dignity and unity of the law. If the party organizations at all levels and the broad masses of party members fail to manage things according to the Constitution and the law, they go against the will of the party and the people. Actually, they harm the leading role of the party.

He called on each and every leader to master the skill of using the weapon of the law to manage his work, cultivate the habit of managing things according to the law, and vigorously promote all fields of work to embark on a legal path with his exemplary deeds. [passage omitted]

SHANDONG PROVINCIAL FORUM ON PARTY STYLE ENDS

SK111235 Jinan Shandong Provincial Service in Mandarin 2200 GMT 10 Jul 86

[Text] After a 4-day session, the provincial forum on the work to correct party style concluded in Jinan City on 10 July. The forum relayed and studied the spirit of the symposium sponsored by the Central Discipline Inspection Commission on discipline inspection work with the participation of responsible comrades from the areas of eastern and middle southern China, summed up and exchanged the experience gained in the work to correct party style during the first half of this year, and discussed the criterion for creating a fundamental turn for the better in party style and opinions on correcting party style in the future.

At the forum, Lu Maozeng, deputy secretary of the provincial CPC Committee, delivered a speech, in which he emphatically pointed out: In 1986 more than a half of the units at the township-town level should achieve a fundamental turn for the better in party style. In 1987 the province as a whole will basically create a turn for the better in party style. The provincial level organs should take the lead and set examples in correcting party style.

In his speech, Comrade Lu Maozeng pointed out: To achieve a fundamental turn for the better in party style, a good job must be done in continuously grasping the following five tasks:

1. Efforts should be made to study the important speech of Comrade Hu Yaobang and to continue to do a good job in dealing with problems related to understanding. In checking malpractices, it is absolutely impossible for us to get the work done once and for all. By no means should we relax our efforts and deem everything just fine because we have already checked some malpractices and dealt with some major or serious cases.

Any slack, blunt, and fed-up mood will possibly cause us to lose the current good trend emerging in correcting party style. We must implement the principle of first being resolute and second being sustained and unswervingly carry forward the work of correcting party style.

2. Efforts should be made to investigate and deal with major and serious cases in a resolute and decisive manner. Before the end of October of this year, localities throughout the province should strive to clearly examine and conclude major or serious cases placed on file and well investigated. As for newly-exposed major or serious cases, efforts should be made to place them on file in a timely manner and to investigate and deal with them immediately.

3. Efforts should be made to realistically check and correct malpractices cropping up in various industries and trades. We should spend time, concentrate our energy, and centralize our forces to deal with prominent problems that have caused the strong complaint of the masses and exerted bad influence. Industries and trades should grasp the work in a down-to-earth manner by bearing in their mind the actual situation to strive to score results in the third quarter this year.

4. Efforts should be made to deeply conduct education on party spirit and to strictly consolidate the party's discipline. In conducting education among party members, we should standardize the acts of party members in line with the party's discipline. A good job will be done during the latter half this year in concentrating on consolidating the party's discipline among units at the county level.

5. Efforts should be made to enhance leadership over the work of correcting party style. Principal leading comrades of the party committees at all levels should be personally in charge of the work; set examples in conducting the work; pay attention to successfully establishing or implementing the responsibility system in the work of straightening out party style; and should ensure organs at all levels, which are responsible for carrying out the work among their subordinate units, and ensure work that has been done at all levels that can bear concrete results.

Attending the forum were Yang Xingfu, Standing Committee member of the provincial CPC Committee; Li Farong, secretary of the provincial Discipline Inspection Commission; and responsible persons from the discipline inspection departments of the provincial level organs, various cities and prefectures, and the key enterprises -- more than 100 persons in all.

ZHEJIANG CITY MODEL OF HOUSEHOLD INDUSTRY GROWTH

HK100455 Beijing CHINA DAILY in English 10 Jul 86 p 1

[Text] Rapid growth of household industry in the rural areas of Wenzhou, a coastal city in Xhejiang Province, has made the city an economic model for regions with scant State investment and poor industrial base.

The city now has about 130,300 household and co-operative workshops, involving more than 330,000 people. Their total industrial output value reached 1.13 billion yuan last year, accounting for one-third of the city's total industrial output value.

The city also has more than 100,000 sellers and buyers for the household business and nearly 400 small commodity markets.

Trade volume of these individual dealers last year was worth 570 million yuan, more than one-quarter of the city's total retail sales value.

Private enterprises in Wenzhou paid about 60 million yuan in taxes to the State, making itself a major source of revenue for local government.

The economic achievement in Wenzhou has drawn large numbers of economists, sociologists and government officials there to make a first-hand study of the city's experience in developing household production.

The city, with per capita farmland less than 300 square metres, has long been noted for its traditional handcrafts production. However, household initiative there was considered taboo during the "Cultural Revolution."

After economic reforms were adopted in 1981, rural people were encouraged to resume household workshops. The government gave all-out support to such local enterpreneurs and paid tribute to those who found legal shortcuts to prosperity.

Some farmers even leased their contracted farmland to others in order to fully employ themselves in commodity production.

Some experts have attributed the thriving household economy to the area's surplus rural labour, poor industrial base and inadequate collective economy. All these factors led to the growing number of household manufacturing workshops.

Most of the products made by these workshops are articles which larger factories are unwilling to produce but are indispensable to everyday life, such as buttons, shoe laces, elastic cord, school badges, plastic cards and coupons.

To boost the growth of such households, the city's Argicultural Bank adopted floating interest rates in its 297 rural credit cooperatives to draw local savings to funnel to household enterprises.

Along with the household industry boom, the number of households engaged in transport services has also increased. Wenzhou now has 790 or more privately owned trucks and 9,970 freight vessels.

Motorized transport capacity equals the combined total of the State and collective transport companies in the city.

GUANGDONG MEETING DISCUSSES RURAL PARTY RECTIFICATION

HK140147 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 13 Jul 86

[Excerpts] A provincial conference on rural party rectification work concluded this morning. Lin Ruo, secretary of the provincial CPC Committee and head of the committee's guidance group for party rectification, spoke at the conference. He said: Following the completion of district-level party rectification, Guangdong is about to launch rectification at township level. Rectification at this level is extremely important and must be grasped well. Apart from the fact that township-level rectification involves wide areas and many people and there is not much time for it, the township-level party organizations are closely linked to the masses. Hence, rectification at this level can only be done well and must not be a mess. As a result of township-level rectification, the party branches and especially their secretaries should lead the masses to get rich through hard work, and the party branches should be built into strong fighting forces.

Comrade Lin Ruo said: In township-level party rectification, we must base the work on the actual local conditions and get a good grasp of solving local problems that urgently need resolving. [passage omitted]

Wang Ning, deputy secretary of the provincial CPC Committee and deputy head of the committee's guidance group for party rectification, delivered a summation. He said: Following the basic completion of district-level party rectification in the rural areas, we must continue to consolidate and develop its results and also get a good grasp of rectification in enterprises and units subordinate to the counties. On how to do a good job in township-level rectification, Wang Ning said that rectification at this level represents an important part of rural party rectification. The tasks are arduous and of great significance. The party committees at all levels must attach great importance to this work and get rid of ideas of not bothering about it. [passage omitted]

The conference was held in Guangzhou from 7 to 13 July.

HENAN CONFERENCE DISCUSSES PUBLIC ORDER

HK120523 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 11 Jul 86

[Excerpts] A provincial political and legal work conference was held in Xinxiang from 8 to 11 July. Liu Zhengwei, deputy secretary of the provincial CPC Committee, and Song Zhaosu, member of the Standing Committee of the provincial CPC Committee and secretary of the Political and Legal Commission of the provincial CPC Committee, attended and spoke.

The meeting seriously summed up the achievements in the province's struggle against theft and analyzed the current situation in public order. It held: In the summer we must focus on cracking down on hooligans, rape, and other serious crimes, and continue to carry out the struggle against theft.

The conference pointed out that crimes committed by hooligans and the crime of rape have become outstanding problems affecting the steady turn for the better in urban and rural public order. They seriously threaten the masses' safety and good order in society. They also affect order in daily life, work, teaching, and scientific research, pollute the social atmosphere, and interfere with and sabotage economic reform and the effort to build the two civilizations.

We must concentrate forces to crack down on them swiftly and severely, so as to straighten out and preserve good public order during the summer. [passage omitted]

In their speeches, Liu Zhengwei and Song Zhaosu demanded that the party committees and government at all levels continue to strengthen leadership and properly solve practical difficulties in dealing with cases. The comrades of the public security and political and legal departments must coordinate their efforts to do their work well and create a fine social atmosphere, as a still greater contribution to protecting and stimulating economic structural reforms.

HUNAN LEADERS VISIT RED ARMY VETERAN

HK120603 Changsha Hunan Provincial Service in Mandarin 2200 GMT 11 Jul 86

[Excerpts] As commissioned by Comrade Wu Yaobang, on the morning of 11 July Mao Zhiyong, secretary of the provincial CPC committee, and Sun Wensheng and Shen Ruiping, members of the Standing Committee, went to the No 2 hospital subordinate to the Hunan Medical College to visit Mulong Chuqiang, a Red Army veteran who is serioiusly ill. [passage omitted]

A few days ago, the veteran Mulong wrote to Comrade Hu Yaobang to express his infinite loyalty to and firm faith in the party. Comarde Hu Yaobang appreciated Mulong Chuqiang's revolutionary fervor. [passage omitted]

HUNAN MEETING ON PLACING DEMOBILIZED ARMY CADRES

HK100631 Changsa Hunan Provincial Service in Mandarin 0900 GMT 8 Jul 86

[Excerpts] This morning, at a provincial meeting of representatives of advanced units and individuals in work on demobilized Armyu cadres, Chen Bangzhu, Standing Committee member of the provincial CPC Committee and provincial vice governor, stressed that demobilized Army cadres have become a new force in building the two civilizations in the province. All areas must properly carry out the work of placing demobilized Army cadres.

Chen Bangzhu said that the placement of demobilized Army cadres is a part of socialist construction, and a channel for the Army to transfer talented people to local departments. Since 1975, and since the 3d Plenary Session of the 11th CPC Central Committee, with the joint efforts of CPC committees and governments at all levels, PLA units stationed in the province, and cadres and the masses, the province has achieved fairly good results in placing demobilized Army cadres. Over the past 10 years, the province has accepted and placed a total of 98,000 demobilized Army cadres. In addition, the province has properly placed wives of the demobilized Army cadres and solved their problems in daily life, such as housing and their children's schooling. Over the past 10 years or so, these demobilized Army cadres have fought on all fronts of the province, boldly carried out reforms, worked hard, and made remarkable achievements. They have thus been widely praised by the masses. [passage omitted]

Chen Bangzhu stressed that reforming the Army structure and reducing the number of armymen by 1 million is an important reform in the history of our Army, and an important strategic plan for strengthening the modernization construction of the Army in the new historical period and implementing the principle that the Army must serve the overall situation of our country's economic construction.

This year and next, a great number of Army cadres will be demobilized and transferred to local units. CPC committees and governments at all levels must further unify their understanding, and make continued efforts to create a new situation in placing demobilized Army cadres in the province.

HUNAN COMMENDS DISCIPLINE INSPECTION UNITS, CADRES

HK100205 Changsha Hunan Provincial Service in Mandarin 2200 GMT 9 Jul 86

[Excerpts] At the provincial meeting to commend outstanding discipline inspection organizations and cadres held on 9 July, (Liu Changming), deputy secretary of the provincial Discipline Inspection Commission, read out the commission's commendation decision. [passage omitted]

Leading comrades of the provincial CPC Committee, Advisory Commission, People's Congress Standing Committee, government, and CPPCC including Mao Zhiyong, Xiong Qingquan, Liu Fusheng, Chen Bangzhu, Zhao Chuqi, Ji Zhaoqing, Luo Qiuyue, and Peng Mingding, and veteran cadre Guo Sen attended the gathering. [passage omitted]

Comrade Mao Zhiyong made an important speech on the relationship between straightening out party style and reform, opening up, and invigoration. He said: It is essential to have good party style in order to make a success of reform. There can be no question of lossening the principle of party spirit and party discipline while carrying our reform.

He said: There are no ready-made patterns for us to refer to in reform. Many new situations and problems are sure to arise. The discipline inspection departments at all levels must actively support and resolutely protect reform and strive to do their work well, so as to ensure the healthy development of reform.

Mao Zhiyong also pointed out: We must take a correct view of mistakes that occur amid the reform, and enthusiastically help the comrades carrying out reform to sum up experiences and correct the mistakes and shortcomings. We must not regard mistakes occurring in reform as unhealthy trends. However, we must resolutely investigate and deal with those who take advantage of loopholes in reform to abuse their powers and violate law and discipline. We must crack down hard on economic criminals.

Shi Xinshan, secretary of the provincial Discipline Inspection Commission, also spoke at the meeting. He said that the discipline inspection organizations and cadres must get a good grasp of four items of work in connection with learning the experiences of advanced typical examples. 1) continue to get a good grasp of investigating and dealing with major and important cases. [passage omitted]. 2) Make great efforts to correct sectoral malpractices. 3) Conduct education in party spirit, style, and discipline in connection with realities. [passage omitted] 4) Further develop the good situation of the whole party working to improve party style. [passage omitted]

SOUTHWEST REGION

SICHUAN REFORMS FOREIGN AFFAIRS MANAGEMENT SETUP

HK150557 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 12 Jul 86

[Excerpt] The province has reformed its foreign affairs management setup by exercising unified leadership, conducting sectoral management, and examining and approving people going abroad in a centralized way. Thus, those who should visit foreign countries have gone abroad and unhealthy trends have been curbed.

Compared with the same period last year, the number of people going abroad in the province in the first half of this year was reduced by 14 percent, and the province's foreign exchange expenses were reduced by 41 percent.

To strengthen leadership over foreign affairs and correct the unhealthy trend of indiscriminately sending people abroad, the province set up a foreign affairs work group in October last year and changed the previous multiple way to the present concentrated way of examining and approving people going abroad. The province has also formulated detailed rules on power levels for sending people abroad and inviting foreigners to the province.

The provincial foreign affairs leadership group has implemented the rules and was praised by cadres and the masses for upholding principle and being impartial and incorruptible. [passage omitted]

SICHUAN LEADERS MEET RETURNED TAIWAN PILOT

OW131925 Beijing XINHUA Domestic Service in Chinese 1101 GMT 11 Jul 86

[By reporter Fan Liqing]

[Excerpts] Chengdu, 11 Jul (XINHUA) -- Wang Xijue, former pilot of a Boeing-747 cargo plane of Taiwan's China Airline and now deputy director and deputy chief pilot of the Beijing Regional Administration of the Civil Aviation Administration of China, recently visited his relatives and friends in his native province Sichuan after a 37-year absence. [passage omitted]

Sichuan Governor Jiang Minkuan and Secretary of the Sichuan Provincial CPC Committee Yang Rudai successively called on Wang Xijue. On behalf of the Sichuan people, they extended their welcome to Wang on his return to his native province. [passage omitted]

CHONGQING CPC COMMITTEE VIEWS PROBLEMS IN REFORM

HK120217 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 11 Jul 86

[Summary from poor reception] The Chongqing City CPC Committee recently pointed out, regarding the replacement of old systems by new in the course of carrying out reforms the factors for the new systems are growing in many fields and displaying ever greater vitality and superiority. However, the vitality of the new systems remains rather weak. "This is conspicuously illustrated by the fact that large and medium enterprises are still subjected to excessive constraints. There is still a serious degree of lack of separation of party and government. At a time when both new and old systems exist, reform has entered a crucial stage when all kinds of contradictions and frictions are appearing."

On the basis of summing up the experiences in reform in recent years, the Chongqing City CPC Committee has understood: "When facing the new stage in which the new systems replace the old as the dominant factor, we must speed up the process of reform without letting the opportunity slip and shorten to the maximum the period of coexistence of the new and old systems. We must ensure that new systems predominate as soon as possible, and that the new systems, which are currently in a secondary position, replace the old systems, which currently predominate."

The City CPC Committee pointed out: "The key to fulfilling this arduous task lies in deepening reform and carrying out synchronous reforms in the economic, political, and cultural systems." The city CPC Committee demanded that the leading cadres at all levels base all their work on reform and ensure that policy measures benefit reform. They should use reform methods to solve problems, and use the yardstick of reform when reviewing work.

CHONGQING SCORES SUCCESS IN FINANCIAL REFORM

HK141404 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 12 Jul 86

[Text] Chongqing has made gratifying achievements in reform of the financial system. The initial results achieved by the city in the first half of this year have vigorously promoted economic development in the city.

Since the beginning of this year, under the circumstances of shortage of funds, Chongqing City has made explorations in reforming the financial system. With the efforts of all banks, the province had made much progress. Banks in the city have developed lateral ties in circulating funds and broken with the previous unitary and vertical management system.

1. All banks have developed inter-bank service involving different prefectures and provinces. Since the beginning of this year, banks in Chongqing City have borrowed some 180 million yuan of funds from banks in Beijing and Shenzhen, and from banks in the provinces as well. The influx of a large amount of funds has eased the shortage of circulating funds in the city.

2. Banks in the city have developed lateral ties with each other in circulating funds. The city People's Bank has set up the 5-day funds regulating committee with the people's banks as its core, and used differences in time, space, and season to promptly and flexibly circulate funds among professional banks in the city. By the end of May, banks in the city had borrowed and lent seven sums of funds between each other with a total amount of 180 million yuan.

3. The city has arranged fund redistributing among enterprises and groups, thus strengthening their unity and ties.

The city has now formed financial networks with other areas and provinces and among financial units, groups, and enterprises in the province. In addition, the city has carried out the contract system on commercial bills and other inter-bank services, and made attempts in using the lever of interest rate to regulate loan business. This has provided convenience to commercial activities between enterprises and enlivened the use of funds.

XIZANG'S WU JINGHUA SATELLITE STATION CEREMONY

HK100633 Lhasa Xizang Regional Service in Mandarin 1130 GMT 8 Jul 86

[Text] China's domestic satellite telecommunications network was officially formed on 8 July. Inauguration ceremonies were held at ground stations in Beijing, Hohhot, Urumqi, and Lhasa.

Wu Jinghua, secretary of the Xizang Regional CPC Committee; Raidi, Mao Rubai, and Gyanincain Norbu, deputy secretaries of the regional CPC Committee; Pagbalha Geleg Namgyai, Sengqen Lozong Gyaincain, Punche, and Langjie, vice chairmen of the regional People's Congress Standing committee; and Qamco, responsible comrade of the regional people's government, attended the ceremony at the Lhasa ground station. Also attending the ceremony were (Yang Houdi), secretary general of the regional CPC Committee; (Liu Huanbing), deputy secretary general of the regional's government; Yang Youcai, secretary of the Lahasa City CPC Committee; Lhasa Mayor Dainba Gyaincain; and (Liu Shihuo), deputy chief of general staff of Xizang Military District.

Comrades Wu Jinghua and Raidi had telephone conversations with Vice Premier Li Peng, who was attending the inauguration ceremony in Beijing. Comrad Wu Jinghua extended gratitude to the central leadership for its concern for Xizang. He said: Now we are closer to Beijing and people of various nationalities in the motherland.

Comrade Wu Jinghua and other comrades also wrote a few words of encouragement for the inauguration ceremony. The words were transmitted to Beijing via satellite and transmitted back to Lhasa via television. The words were very clear on the television screen. The establishment of China's domestic satellite telecommunications network and the operation of the Lhasa ground station will greatly improve telecommunications conditions in the region and throughout the country. A satellite telephone service and a carrier telephone service between Beijing and Lhasa have now been introduced, greatly improving telephone services.

WU JINGHUA MEETS CHINESE RED CROSS DELEGATION

HK140851 Lhasa Xizang Regional Service in Mandarin 1130 GMT 13 Jul 86

[Text] ON 12 July, Tan Yunhe, party secretary and vice president of the Red Cross Society of China, and his 7-member party, arrived at Lhasa for an inspection tour in the region. At (Congda) airport, they were greeted by (A Deng), vice president of the regional Red Cross Society, and other comrades.

In the afternoon and evening of 12 July, Wu Jinghua, secretary of the regional CPC Committee; Gyibug Puncogcedain, vice chairman of the regional people's government and president of the regional Red Cross Society; and Tudao Doje, vice chairman of the regional people's government, went to Lhasa Guesthouse to greet Tan Yunhe and his party.

Tan Yunhe and his party planned to inspect Xigaze Prefecture after staying in Lhasa for several days.

XIZANG LEADER DISCUSSES RELIGION ISSUE

HK100243 Lhasa Xizang Regional Service in Mandarin 1130 GMT 9 Jul 86

[Excerpts] On 9 July, Dangzin, deputy secretary of the regional CPC Committee, delivered a speech at the regional forum on propaganda work, entitled "Do a Good Job of Building Socialist Spiritual Civilization Based on Xizang Realities."

He said: We must base the building of socialist spiritual civilization on Xizang realities. What are Xizang realities? First, the region's educational foundation is extremely weak and the masses' cultural life is very meager. Second, the influence of the feudal serf system in which politics was integrated with religion is very deep.

Third, Xizang is a nationality region in which practically everyone is a religious believer. Religion permeates the customs and habits of the people here. Fourth, Xizang was always a closed region in the past. Opening up and invigoration will inevitably cause some problems.

Based on this view, the guiding idea on building spiritual civilization in the region is to be guided by communist ideology, carry out education in loving the party and the country, improve the educational level of the Tibetan people, enrich their cultural life, advocate and carry forward traditional Tibetan virtues and outstanding Tibetan culture and establish strong nationalisty self-confidence and pride, so as to serve the building of material civilization in the region. [passage omitted]

He said: There are many contents of building spiritual civilization in Xizang, and every person is involved. The whole party must get to work and the whole of society must make common efforts in order to complete this systematic and complex item of social engineering. [passage omitted]

He said: Nationality religion has its own objective laws of emergence, development, and withering away. In dealing with the nationality religion issue, we must continue to eliminate the influence of leftist thinking, and we must also guard against rightism. We must continue to implement the party's policy on nationality religion. We cannot artifically wipe out religion by applying leftist methods, neither can we artifically develop religion. We must provide positive guidance and strengthen controls, so as to bring the masses' religious beliefs onto a normal track.

We must gradually establish new-style nationality relations of equality, solidarity, and mutual assistance.

Regional CPC Committee Secretary Wu Jinghua and Deputy Secretary Raidi also spoke at the meeting. Responsible comrades of the regional propaganda system and of departments concerned attended the meeting.

GANSU LEADER ON PROBLEMS IN PLANT MANAGER SYSTEM

HK110147 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 10 Jul 86

[Excerpts] Hou Zongbin, deputy secretary of the provincial CPC Committee, said at a report meeting on promoting the plant manager responsibility system on 10 July that the leading departments and cadres must take a firm and clear-cut stand in supporting the managerial reforms and unswervingly push the plant manager responsibility system.

At present 785 state-owned industrial enterprises in Gansu are implementing this system on a trial basis, representing 63.56 percent of the enterprises eligible for the system. [passage omitted]

Practice has proven that practicing this system is the right way to follow. However, obstacles from inside and outside the enterprises have been encountered in promoting the system. Hou Zongbin said: What should the enterprises do in the face of these difficulties? The only thing they can do is to unswervingly promote the plant manager responsibility system. Enhancing understanding and unifying thinking is the key to this.

He said: In the final analysis, promoting this sytem means handing back to the plant managers the powers they ought to have in directing production operations, in hiring and firing, and in dealing out rewards or punishments, and dividing work between party and government. Instituting this system is also the urgent requirement of strengthening and improving party leadership. At present, there are all kinds of ideas in the enterprises, and the tasks of ideological and political work are arduous and all the more difficult. If the enterprise party committees cannot be promptly extricated from the situation of taking charge of everything, they cannot meet the new demands in ideological and political work in the new situation.

Hou Zongbin said: Reform needs a relaxed environment. To create a relaxed environment is the unshirkable responsibility of the leading organs and cadres and all departments. The leading cadres and departments must take a firm and clear-cut stand in supporting the plant manager responsibility system and provide good service for the enterprises. They must immediately stop the pratices of arbitrarily imposing charges, fees, and fines, and raising funds in the enterprises, and truly create a relaxed political and economic environment for the plant managers, to ensure the smooth progress of the plant manager responsibility system.

GINGHAI MEETING ON RURAL PARTY RECTIFICATION, ORGANIZATION

HK140143 Xining Ginhai Provincial Service in Mandarin 2230 GMT 13 Jul 86

[Excerpts] A Ginghai provincial conference on grass-roots party rectification and organizational work in the rural and pastoral areas said that making a success of party rectification work in these areas in the second half of the year is of great significance for spurring reforms and the building of the two civilizations there.

The conference was held in Xining from 7 to 12 July. Yin Kesheng, Liu Feng, Huanjuecailang, and Ma Wanli attended together with responsible comrades of prefecturl, city, and county CPC committees. [passage omitted]

Huanjuecailang, deputy secretary of the provincial CPC Committee and head of the committee's guidance group for party rectification, proposed three main tasks to be grasped in continuing to do a good job in grassroots party rectification in the rural and pastoral areas:

1. Get a clearer picture of the guiding idea for party rectification in the rural and pastoral areas of Ginghai. The work must be based on spurring and ensuring reform and economic development. We must persevere in conducting education for the party members by positive example, to enhance their ideological awareness. The work should be focused on enabling the party members to embrace the idea of serving the people wholeheartedly. Through party rectification, we should further consolidate and develop the political situation of stability and unity in the rural and pastoral areas and build the leadership groups well.

2. Draw strict policy demarcation lines.

3. Further strengthen leadership over party rectification work.

Speaking on doing a good job in consolidating and developing the fruits of party rectification and in building the grass-roots party organizations, Huanjuecailang said that units that have completed party rectification must carry out a review and solve the left-over problems, to ensure good quality of rectification work. We must get a good grasp of training for the township and village-level cadres, to enable them to gradually gain understanding of the contents of the second stage of rural reforms and to master knowledge and laws regarding commodity economy. [passage omitted]

QINGHAI PROMOTES RURAL PARTY RECTIFICATION

HK120315 Xining Qinghai Provincial Service in Mandarin 2230 GMT 11 Jul 86

[Excerpts] Grass-roots party rectification is unfolding smoothly in the rural and pastoral areas of Qinghai, and good results have been achieved. This work began last November. Except for six townships in Yushu and Haixi Prefectures, where party rectification has not yet started because of serious snowstorms, rectification of township party committees has now been completed, while rectification of 48.2 percent of village party branches has been basically completed. It is expected that village-level party branch rectification can be completed next February.

The main expressions of the success of grass-roots party rectification in the rural and pastoral areas are as follows:

1. The party member's concept of party spirit has been strengthened. Deep-going education in party spirit has been conducted for the party members in light of their state of mind. [passage omitted]

2. The party members' awareness of implementing the various policies for reform and economic development has been enhanced. Through study and education, problems of party members' lack of deep understanding of current policies and reform and lack of confidence in turning from poor to rich and developing commodity production have been solved. [passage omitted]

3. Party-masses relations have been improved. The cases of a very small number of party-member cadres seriously abusing powers and violating law and discipline have been dealt with, and the malpractices of arbitrarily occupying, buying, and selling land, gambling, and embezzling public funds have been curbed. At the same time a drive to do good and practical deeds for the people has been launched.

4. The combat strength of the grass-roots party organizations in the rural and pastoral areas has been boosted. The work of readjusting the leadership groups has been seriously tackled. [passage omitted]

5. The political situation of stability and unity in the rural and pastoral areas has been consolidated and developed. Strengthening and promoting nationality solidarity has been grasped as a major affair in party rectification. Nationality relations have thus become more harmonious.

XINJIANG PEOPLE'S CONGRESS MEETING ENDS 8 JULY

HK101303 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 9 Jul 86

[Excerpts] The 21st meeting of the 6th regional People's Congress Standing Committee concluded in Urumqi yesterdy afternoon. During the meeting, committee members examined and discussed the reports by (Nie Weiqing), deputy director of the regional judicial department, and (Chen Jingshi), deputy director of the regional public security department, on the situation in popularizing elementary legal knowledge in the region and the situation in the region's social order.

At yesterday afternoon's plenary meeting, the resolution of the Xinjiang Uygur Autonomous Regional People's Congress Standing Committee on further strengthening the work of popularizing elementary legal knowledge and the namelist of appointments and removals of cadres were adopted.

Regional People's Congress Standing Committee Chairman Amudong Niyazi presided over yesterday's meeting and spoke about the issues of popularizing elementary legal knowledge and of social order. He said: Over the past 6 months or so, with the stress laid on this work by CPC committees at all levels and under their leadership, people's governments at all levels and their subordinate departments in charge of this work in the region have seriously implemented the spirit of the relevant documents and done a great deal of work. [passage omitted]

Amudong Niyazi said: To continuously, extensively, and penetratingly do the work of popularizing elementary legal knowledge, leading organs and leading cadres at all levels must take the lead in studying and applying the law, guard the sanctity of the law, act strictly in accordance with the law, and set an example for the masses. People's governments at all levels must seriously implement the resolutions of the NPC Standing Committee and regional People's Congress Standing Committee on popularizing elementary legal knowledge, really strengthen leadership, take effecitve measures, and carry out the 5-year plan for popularizing elementary legal knowledge. People's Congress standing committees at all levels must strengthen the examination and supervision of the situation in implementing the resolutions.

Amudong Niyazi emphatically pointed out: To strive to realize a steady turn for the better in social order, it is necessary to continuously implement the principle of severely and quickly meting out punishment in accordance with the law and to sternly crack down on serious criminals. At the same time, it is essential to severely crack down on serious economic crimes. It is imperative to grasp firmly the investigation and cracking of cases, to strengthen comprehensively tidying up social order, and to make necessary contributions toward a steady turn for the better in social order in our region and toward the promotion of the progress of the four modernizations.

Vice chairman of the regional People's Congress Standing Committee, including Saifulayefu, Yang Yiqing, Caodanofu, Abulizi Muhemaiti, Mayinu'er, Maihesude Tieyibofu, Wang Heting, Husaiyin Siyabayefu, and Zhang Shaopeng, attended yesterday's meeting. Those who attended yesterday's meeting as nonvoting delegates were region vice chairman (Jin Yinhui), regional people's higher court president Nueryouru, regional procuratorate chief procurator Jiti Kuerban, and responsible persons of the regional People's Congress Standing Committee, relevant departments, of the regional people's government, and some prefectural, autonomous prefectural, and city People's Congress standing committees.

XINJIANG NAMELIST OF APPOINTMENTS, REMOVALS

HK101305 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 9 Jul 86

[Text] The namelist of appointments and removals of cadres adopted by the 21st meeting of the 6th regional People's Congress Standing Committee is as follows:

(Maimaijinyin Tuohuti) is appointed chairman of the Nationality Affairs Commission of the regional People's Congress Standing Committee and Abulizi Muhemaiti is discharged from the post of chairman of the Nationality Affairs Commission of the regional People's Congress Standing Committee which he concurrently held. (Sha Ming) is discharged from the post of vice chairman of the Nationality Affairs Commission of the regional People's Congress Standing Committee.

(Mao Dehua) is appointed concurrently chairman of the regional Education Commission.

(Dong Wangyu) is appointed director of the regional Public Security Department.

(Jiayimuer Rehegu) is appointed director of the regional Judicial Department.

(Sha Ming) is appointed director of the regional Broadcasting and Television Department.

(Yu Qili) is appointed director of the regional Coal Industry Department.

(Zhang Moru) is appointed director of the regional Audit Bureau.

(Nuermaimaiti Kerimu) is appointed director of the regional Industrial and Commercial Administrative Management Bureau.

Xie Guang is discharged from the post of director of the regional Public Security Department.

Kuerbannuzi is discharged from the post of director of the regional Judicial Department.

Yasukelimu is discharged from the post of director of the regional Coal Industry Department.

Rejiputuofudi is discharged from the post of director of the regional Broadcasting and Television Department.

Abulasuohuqi is discharged from the post of director of the regional Forestry Department.

FOREIGN MINISTER ADDRESSES DEVELOPMENT SEMINAR

Reaffirms Basic National Policy

OW150027 Taipei CNA in English 1502 GMT 14 Jul 86

[Text] Taipei, July 14 (CNA) -- Foreign Minister Chu Fu-sung said Monday that if the Republic of China [ROC] were to give in to Peiping's demand that it change its official name in international organizations, [words indistinct] to hold direct talks with it and, if such talks failed, opt to take Taiwan by force.

Reporting on the country's foreign relations at a session of the ongoing National Development Seminar, Minister Chu said that Peiping's attempt to redesignate the Republic of China as "China, Taipei" in the Asian Development Bank was not an isolated case, but rather part of a package of ploys to realize its "one country, two system" scheme.

Chu also said that several recent attention-getting cases, such as China Airlines' talks with Peiping's Civil Aviation Administration of China and the ROC's decision to take part in the forthcoming World Cup Women's Basketball Championship in Moscow, were all individual cases and had no influence on the country's basic national policy.

The minister reaffirmed the four cardinal principles that President Chiang Ching-kuo declared during his tenure as premier: The ROC will never change its constitutional system and its ultimate goal of national recovery; the ROC will remain in the democratic camp; and the ROC will never change its "no compromise" policy toward the communist rebels. [passage as received]

Chu said that the country's foreign policy is based on the above-mentioned principles. He reiterated that the ROC will never make contact with the Peiping regime, nor develop relations with any other communist nation. "We may exercise flexibility in our measures to attain our final goals. But none of those means should violate our basic national policy and principles," the minister noted.

Says Communists Still Prohibited

OW150345 Taipei CNA in English 0236 GMT 15 Jul 86

[Text] Taipei, July 14 (CNA) -- Minister of Foreign Affairs Chu Fu-sung said Monday that the Republic of China [ROC] has prohibited officials of any communist countries from visiting or attending meetings here.

As for the members of East European trade missions permitted to visit here since the government opened the door of trade to East European nations six years ago, the ROC Government has treated their applications for entry on a case-by-case basis, he said. He made the remarks while answering a question about the government's stand on the possible participation in meetings here by academic personnel from communist countries, as he was reporting the nation's foreign affairs to the 1986 National Development Seminar.

During this emergency the nation is facing in fighting the Chinese Communist threat, the government cannot allow personnel from communist countries to visit or attend meetings here, the minister said.

This country opened its door of trade to East European nations six years ago in line with the government's efforts to diversify foreign trade markets, based on the principle of the separation of politics and economics, he said.

VICE CHIEF OF GENERAL STAFF ADDRESSES SEMINAR

Taiwan Can Surveil West Pacific

OW150349 Taipei CNA in English 0312 GMT 15 Jul 86

[Text] Taipei, July 14 (CNA) -- The sea and air space from Vladivostok to the Gulf of Tonkin is under the close surveillance of the Republic of China, Vice Chief of the General Staff Adm. Yeh Chang-tung said Monday.

Speaking at the 1986 National Development Seminar in Taipei, Yeh said that the Armed Forces of the Republic of China [ROC] are capable of keeping surveillance over the vast area in the west Pacific to avoid possible surprise attacks by a hostile country.

Yeh's remark is the first disclosure of the Republic of China's surveillance capability over the Vladivostok-Gulf of Tonkin area.

The ROC Armed Forces have established a complete intelligence surveillance system, he added.

New Fighter, Other Weapons Designed

OW150405 Taipei CNA in English 0240 GMT 15 Jul 86

[Text] Taipei, July 14 (CNA) -- The Republic of China [ROC] has recently completed the initial design of a new fighter jet and will enter a crucial period in the development of defense technologies in the next three to five years, a ranking defense official disclosed Monday.

Admiral Yeh Chang-tung, vice chief of the General Staff, said that the ROC Armed Forces have made great progress in developing technologies for the manufacturing of some weaponry systems that will come under heavy future demands. The principal purpose in developing these technologies is to build up a self-sufficient defense industry based on the nation's strategic needs, he said.

Reporting on the nation's defense buildup to participants in the National Development Seminar which opened in Taipei Monday, Yeh pointed out that in recent years the Armed Forces have successfully developed several high-performance missiles, such as the ground-to-air "Tien Kung (Sky Bow) missile" and air-to-air "Tien Chien (Sky Sword) missile," and the ship-to-ship "Hsiung Feng missile."

The government has already completed the initial design of a new fighter jet which will meet the nation's future defensive needs, and will enter a crucial stage for the development of this new aircraft in the next few years, he said.

In order to strengthen the armed forces' anti-amphibious capability and to destroy the enemy's landing troops on beaches, the nation has remodeled some of the ROC-made trainers into antiground-assault aircraft, developed tactical napalm bombs, and developed new armored personnel vehicles and machine guns.

In addition to developing and producing new weapons, the Armed Forces have also begun to improve their electronics communication and command systems in order to augment the nation's combat capabilities, Yeh said.

YU ENCOURAGES ARMED FORCES TO MAINTAIN EXCELLENCE

OW150507 Taipei Domestic Service in Mandarin 2300 GMT 12 Jul 86

[Text] Addressing an Armed Forces meeting on 12 July to review work since the beginning of 1986, Premier Yu Kuo-hua encouraged the officers and men to build up a modernized revolutionary force, apply themselves to the research and development of national defense science and technology, and carry forward the cordial and sincere style of leadership in order to safeguard our bastion and create an opportunity for recovering the mainland.

Premier Yu pointed out: Despite the numerous adversities and difficulties confronting our country, we have a very bright future. We should all the more obey our president's instruction, uphold the fundamental principle of self-reliance and self-invigoration, and the conviction that only those who rely on themselves are aided by others, and make strenuous efforts to overcome every difficulty.

Premier Yu Kuo-hua said: Over the last 30 years or so, our officers and men of the three services have used their lives, blood, and sweat to resist the enemy's aggression, safeguard the bastion for national revival, and smash the wild ambition and subversive attempt of the Chinese Communists and their ilk. Thanks to their efforts, the government has been able to carry out a full-scale national construction program on this clean land. It is a task of prime importance for us to maintain an excellent and powerful national defense force, because we must strive for existence before we can develop.

Premier Yu Kuo-hua urged the officers and men of the three services to build a modernized revolutionary force. They should take psychological construction as a major and fundamental task of the revolution, and work in a staunch revolutionary spirit to create an invincible revolutionary force with sophisticated weapons and equipment, earnest practical training, and advanced strategies and tactics. They should apply themselves to the research and development of national defense science and technology, and establish a self-reliant and independent national defense system on the basis of the research achievements of the armed forces, as well as the academic and industrial circles.

They should carry forward the cordial and sincere style of leadership, uphould the feeling of affection and sincerity, and use their words and deeds to educate the masses to love the country and native land so that everyone will become a main force to propel society forward. In addition, they shluld safeguard the bastion and create the opportunity to recover the mainland. Every effort should be made to discern the schemes and expose the conspiracies of the enemy, and increase alertness against the enemy's infiltration and subversion, to ensure the security of the bastion for national revival, and then create an opporunity to fulfill the task of reunifying China under the Three Principles of the People.

COMMENTARY ON PRC'S DEVALUATION OF RENMINBI

Extent of Action Examined

HK130314 Hong Kong SUNDAY STANDARD in English 13 Jul 86 p 5

["Special Report" by Stephen Morgan, Annie Lam, Yan Mei-ning, and Ivan Lo: "Biggest Since '49'"]

[Text] Madam Chen Muhua, governor of the People's Bank of China, suddently announced on July 5 that the exchange rate of the Renminbi [RMB] would be devalued by 15.8 percent.

The former exchange rate of the RMB to the U.S dollar set by China was 3.21 RMB to one U.S. dollar. On July 5, the rate was altered to 3.71 to one U.S. dollar, a depreciation of 16 percent.

The exchange rate for Hong Kong dollars, formerly 41.08 RMB to HK$100, became 47.54 RMB to HK$100. The depreciation adds up to 15.7 percent.

This is the biggest devaluation of the RMB since the Communists came to power in 1949.

The extent of the devaluation led to widespread speculation.

An observer in Beijing told the SUNDAY STANDARD that the devaluation was an unavoidable consequence of the changes in China's economy over the past few years.

The announcement was only a matter of timing.

"During the course of economic reforms and the development of commodity markets in China, we have made adjustments to prices at home. It is only normal to adjust the exchange rate in accordance with price changes, both in the domestic and the international market," said Madam Chen.

The observer said Madam Chen's statement listed the two reasons leading to the RMB devaluation: changes in commodity prices in China and in China's foreign trade.

He suggested that domestic market price changes were the main reason for the devaluation.

At the beginning of the year, the observer recalled, the International Monetary Fund commented: "China carried out its price reform in 1985 with an oversupply of currency. The price index only rose by 8.8 percent and could not reflect inflation pressures.

"In recent years, China has tried hard to solve the problem of prices not reflecting the value of goods. It has raised the prices of agricultural products and raw materials. This has led to rises in the prices of other commodities.

"Furthermore, China's infrastructure construction has expanded too fast and too much credit has been issued. This all weakens the position of the RMB.

"China had to issue more currency as a remedy, and this lowered the value of the RMB, which led to devaluation."

He also pointed out that in the area of foreign trade, the RMB had followed a devaluation trend.

In 1983, China's imports and exports amounted to US$40 billion, with a trade surplus. Foreign exchange reserves at the time reached a record high of US$16 billion and gold reserves reached US$4 billion.

That was the best period China had ever experienced for its foreign trade, he said.

After that, international market prices changed tremendously and the RMB did not make appropriate adjustments.

China, instead of adjusting the RMB's exchange rate, gave subsidies to exported toods. This did help to solve the problem, but created a big burden for the country.

In 1984, China's foreign trade increased enormously, but a deficit of US$1 billion appeared. The burden of subsidising exports became too heavy for the country, and someone in the State Council suggested a package to solve the exchange problem.

Because of its possible wide impact, the plan was not implemented. Only minor changes were carried out.

In 1985, China's international trade totalled US$59.5 billion. But imports increased by 50 percent while exports only increased by four percent. A trade deficit of more than US$6 billion was created.

The sharp rise of imports in 1985 aimed at solving the problem of oversupply of currency in China. The observer pointed out that China had used several billion US dollars to import high quality consumer goods to absorb the RMB in the market, which was over-issued.

Another influence was the relaxation of foreign trade policies. This led to unsystematic exports and duplicated imports.

For example, it is said that China has imported more than 100 colour TV set production lines in recent years. Inported raw material have to be used to fit the imported production lines, but most of the products are for the domestic market.

This caused losses in foreign exchange. China's foreign exchange reserves fell to US$9 billion early this year.

The inappropriate exchange rate brought a series of problems to China. Export manufacturers became less enthusiastic because they were not earning much. They shifted to the domestic market, which accepted lower quality goods. This affected both quality and exports.

There was also an impact on domestic industries. Imported goods, which were of better quality, became comparable in price with home products, because of the exchange rate.

Another problem was the black market. Under the previous exchange rate, many foreign investors found it unprofitable to get their exchange from the banks. They preferred to change money in the black market.

The observer pointed out that the Communists had reviewed their economic strategy at the beginning of the year and decided to change the economy from import-substitute to export-oriented.

The recent devaluation can be seen as a support to the export drive.

Planners Seek To Ease Restrictions

HK130318 Hong Kong SUNDAY STANDARD in English 13 Jul 86 p 5

["Special Report" by Stephen Morgan, Annie Lam, Yan Mei-ning, and Ivan Lo: "It's an Historic Move To Break 'Shackles of Administrative Restrictions'"]

[Text] Devaluation of China's currency the Renminbi (RMB) was an "historic" switch in the thinking of policy makers and economic planners in Beijing, according to the manager of economic research at the Hong Kong and Shanghai Bank, Vincent Cheng.

It marked a move away from "administrative" controls like restrictions on imports, foreign exchange limits and other bureaucratic controls to "monetary levers" like the level of exchange and interest rates used in the West for marco-economic control.

"They have realised that exchange rates could be a mechanism to deal with economic problems," he said.

"The 15.8 percent devaluation is an historic event. It represents a dramatic change in economic policy and it seems they are now backing off from administrative controls towards trying to use monetary levers to get their house in order."

And it expressed a willingness of the younger leadership to try new methods to confront problems.

Moreover, many of these methods are those that would win the approval of the International Monetary Fund and the World Bank, such as depreciation and reduced exchange controls, he said.

Mr Cheng said that last year's attempt to control imports through restrictions and a gradual depreciation of the currency had failed for two main reasons.

Various units in the provinces which had large quantities of foreign exchange continued to import and the Bank of China was apparently unable to control this with administrative measures.

"This kind of shock treatment is saying: If you want to import, then OK, but you will have to pay for it," he said.

The second reason was that many foreign goods were relatively cheap given the quality of any comparable Chinese product. Making the import of these products more expensive will force reassessment and encourage local sourcing.

However, Mr Cheng said the benefits of the devaluation would be slow in coming, due to the time lag associated with the J-curve effect of devaluation on the balance of payments.

This means that in the short term the deficit could be aggravated, but a slow improvement ought to occur in the balance of payments. It would first bite into imports and a decline in these could be expected to be reflected in trade figures in the next six to 12 months.

He doubted that the devaluation would boost China's exports, even thought the goods in RMB terms would be cheaper. This was because most Chinese products are already at the lower end of the market and not so price sensitive.

And secondly, commodity products like oil make up a major portion of China's exports and their prices are determined internationally. These are negotiated in U.S. dollars, and though obviously when converted to RMB it would show a major rise in earnings, this is a mere book transaction and would add nothing to the foreign reserves, quoted in U.S. dollars.

For local investors involved in joint ventures, Mr Cheng foresaw some hard bargaining ahead, especially for those who had no contract clause stating what portion of earnings in RMB can be converted to foreign exchange for repatriation.

"There will be a lot of haggling about repatriation of money into Hong Kong," he said.

Mr Cheng expected the overall levels of Chinese imports from Hong Kong to continue to fall as in recent months, until there is a substantial pickup in their foreign reserves.

This would be felt most strongly in re-exports, which were very significant in the growth of Hong Kong-China trade in 1984-85, but have fallen off with the restrictions on foreign exchange for consumer durables.

The domestic export scene would be relatively unaffected, mainly because Hong Kong is still oriented towards Western markets, Mr Cheng said.

Effects on Investment Feared

HK130322 Hong Kong SUNDAY STANDARD in English 13 Jul 86 p 5

["Special Report" by Stephen Morgan, Annie Lam, Yan Mei-ning, and Ivan Lo: "Another Devaluation Feared...: Gathering Waves of Hope and Doubts"]

[Text] The recent devaluation of the Renminbi has cast doubts over investments in China and the stability of the currency, according to observers of the Chinese economy.

Some China traders approached by the SUNDAY STANDARD thought there would be another devaluation of the RMB in the latter half of the year.

Sources said some Hong Kong investors in middle and small scale projects were thinking of retreating from China if the RMB continued to fall.

Sino-Foreign equity joint Ventures, whether their investment total is calculated in RMB or U.S. dollars, could face big losses.

Sources from Beijing pointed out that companies like Fujian Hitachi Television Co Ltd, which depend on imported raw materials, are bound to face a difficult time if their products are to be sold in China's home market.

Other companies, like the Beijing Jeep corporation, whose product prices had been set at the lower exchange rate of U.S.$1 to 4 RMB, will not be affected so much.

Sources also said that many exporting companies in China are more than happy and are actively contacting foreign partners to increase their share in profits.

It is a common practice that in equity joint ventures, the Chinese side provides the land and factory, while the foreign partner provides equipment.

The investment amounts are registered on the contract in RMB or in U.S dollars. During the period of cooperation, earnings from products exported will be shared by the two sides in proportion to their investment.

An investor who perferred not to be named said that if the investment was registered in RMB, then the equipment provided by foreign investors would be devalued by 15.8 percent.

Many investment projects were signed at a time when the exchange rate was in the region of less than 30 RMB to HK$100. The rate is now in the region of 47 RMB to HK$100. There is no way of earning back the loss, said the investor.

Most joint ventures have a fixed number of years of cooperation. Only if the term is extended can foreign investors be entitled to share in a few years' more profit.

They will suffer from the devaluation and their confidence in investment in China will be affected.

Mrs Fancy Ng, wife of a Chinese people's Political Consultative Conference member, told the SUNDAY STANDARD that she had invested in hotel and shopping arcade projects in Meixian, Guangdong, out of patriotism.

The investment involved in the projects was calculated in Hong Kong dollars at the time. But mainland cadres had changed it to RMB without her consent at a later stage.

She said it was difficult to predict when she could recover her investment.

Another investor, who lent money to a mainland company for investment in an amusement park, said he was lucky. He had the amount of money stated in U.S. dollars.

But as the income was derived from local people, the period of repayment would be prolonged because of the devaluation.

Mr Shih Ta-lang, lecturer in marketing and international business at the Chinese University of Hong Kong, said investors might well be afraid of another devaluation, for there was no warning before the last one.

"The devaluation will help foreign investors to increase their exports and earn more foreign exchange; it is therefore beneficial to China's foreign trade," said Mr Shih.

"Nevertheless, what foreign investors are actually interested in is the internal market of China. China may have to consider altering the current fixed proportion of exports to internal sales for these joint venture projects," Mr Shih added.

Dr M.H. Chan of the Asian Studies Centre at the University of Hong Kong said the devaluation of the RMB would lower the labour cost of mainland workers, which may stimulate Hong Kong Businessman to shift more processing work to China.

"But the devaluation has come all of a sudden. Many agreements now have to be renegotiated and his leads to controversy," said Dr. Chan.

CALLS FOR POLITICAL REFORM INCREASING IN PRC

HK140809 Hong Kong TA KUNG PAO in Chinese 13 Jul 86 p 1

["Special Feature" from Beijing by correspondent Hou Tung-hai: "Chinese Political Reform Brewing" -- dated 12 June]

[Text] In the present upsuring economic structural reforms, a hot discussion about political structural reform is going on in Chinese theoretical circles. In some cultural and theoretical symposiums, some scholars have called for studying political reform; and newspapers have also published articles discussing reform of the Chinese political structure from a theoretical angle. They call for reforming the socialist political structure and the policy-making structure and call for openly discussing questions concerning the political system in China, which was regarded as a "forbidden area" for a long time, and taking these questions as a subject of academic studies. This is undoubtedly a new situation appearing since the CPC stressed the principle of "letting a hundred flowers blossom and a hundred schools of thought contend" in order to create a relaxed and harmonious atmosphere for "free academic discussions." It will produce far-reaching influence on the developing trend of reform in China and in other socialist countries including the Soviet Union and East European countries.

The Fundamental Purpose Is To Prevent the Repetition of the "Cultural Revolution"

The Political Research Institute of the Chinese Academy of Social Sciences plays a major role in the explorations of China's political reform. Yan Jiaqi, the 44-year-old director of this institute, said that the purpose of our political reform is to perfect our socialist system and to seek fundamental ways to prevent the repetition of the "Cultural Revolution" in any form. We will safeguard our prolonged political stability and ensure steady economic development through reform.

This young scholar sharply pointed out: The central issue of political reform is to solve the problems caused by the excessive centralization of power so as to achieve the objective of building a socialist political system with a high degree of democracy and a scientific political decisionmaking structure. He said: The appearance of the "Cultural Revolution" was related to the lack of a highly democratic political system. In a socialist country such as ours, whether democracy exists and functions is a question that directly affects the making of major state policies and the country's economic development.

A Passage of Deng Xiaoping's Remarks

Yan Jiaqi then quoted a passage of Deng Xiaoping's remarks 6 years ago: "Comrade Mao Zedong once said that Stalin seriously damaged the socialist legal system, and such things would not happen in Western countries. He recognized this matter, but did not actually solve the problems in the leadership system and some other factors. The 10-year catastrophe of the 'Cultural Revolution' still occurred in China."

Yan Jiaqi then listed ways to overcome the excessive centralization of power from four aspects: First, power should be properly divided horizontally. The "horizontal division" of power should be made at both the central and local levels. During the "Cultural Revolution," there was no "horizontal division" or power at all. Under the slogan of "strengthening the party's centralized leadership, state power was all centralized in the hands of a small number of people. The proper "horizontal division of power" is not only a matter concerning the relations between legislative, administrative, and judicial organs, but also concerns relations beteen the party and the government. The proper "division of work" between the party and the government is a major theoretical and practical question in the political structural reform.

Second, power should be divided vertically. The upper authorities can veto the decisions of the lower organs, but should have no power to meddle in the affairs within the jurisdiction of the lower organs. This is the concept of "dividing power vertically." However, some local and department leaders still think that they can make decisions on all affairs in their localities or departments. This in fact violates the principle of "dividing power vertically." In the past, we lacked this concept and did not "use power to check and balance power." Reform will inevitably have an impact on old ideas, and the political structural reform will be bound to have a powerful impact on the idea of "one will have everything if one has power."

Government Power Cannot Infringe Upon Human Rights

Third, the scope of government functions and power must be limited. The area which government power cannot infringe upon is "human rights." During the "Cultural Revolution," government power or political power could infringe upon all parts of people's private lives. People were even forbidden to express their grief at Premier Zhou Enlai's death, still less could there be any "human rights." Such organs of power as the "central group for leading the Cultural Revolution" not only rudely interfered in people's dress, hair styles, hobbies, habits, and other things in private life, but even interfered in people's thinking. People were not only deprived of their right to enjoy themselves, but were even not allowed to express their grief freely. Yan Jiaqi said: Through political reform, not only will government power over economic management be limited, but the jurisdiction of the government in managing social affairs will also be clearly defined. Only thus can "academic freedom" and "freedom of artistic creation" be really guaranteed.

Expanding the Citizens' Participation in Political Activities

Fourth, as for the relationship between the public and the organs or power, the general public should have more opportunities to directly or indirectly participate in the decisionmaking process concerning state affairs. He said that this is also the most important point. The fundamental question which determines the character of the social system in a country is how to improve the system of the people's congresses. He stressed that democracy must be guaranteed by a sound legal system, but the legal system is not equal to democracy. The socialist political system with a high degree of democracy requires people's extensive political participation. This is related to the systems and procedures for nominating and electing the people's deputies and ensuring the quality of the people's deputies.

People's discussions about China's political reform have developed from some private occasions to many public occasions. An important reason for this change is the in-depth development of the economic structural reform, which needs corresponding political reform. Without necessary political reform, it will be hard to carry on economic reform in depth. With economic reform being carried out in an all-round way, the existing political administrative organs and economic management organs, which were set up according to a highly centralist mode, have come into sharper and sharper conflict with the growing socialist planned commodity economy. The traditional adminstrative methods have been proved ineffective in overcoming the problems of the party's functions being confused with government functions, government functions being confused with enterprise functions, the duties and functions of various departments and functionaries being vaguely defined, and administrative organs being overstaffed and unwieldy and indulging in buck-passing. Only in reform can an effective way be found to solve these problems.

Reform Should Begin From Administrative Restructuring

The current trend of public opinion shows that people advocating political reform are trying to make a breakthrough in reforming the adminstrative structure. They hold that the conditions for reforming the administrative structure are ripe in order to advance the political reform which has a bearing on China's future destiny.

In order to carry out such profound reform in the political field, like reforms of the economic structure, the educational system, and the scientific and technological system, it is necessary to have relevant decisions adopted by the CPC Central Committee. Only thus can such political reform be unfolded in the whole country. Recently, during his visit to Yugoslavia, Premier Zhao Ziyang answered a journalist's question about whether China will carry out political reform and said: "With the all-round development of economic structural reform, the government functions will change, and the government structure and the cadre system will also be reformed step by step. Without reform in this regard, the requirements of the economic reform will not be satisfied." Does this mean that the time for China to begin political reform will soon come?

DAYA BAY CLASH BETWEEN TOP PRC LEADERS EXAMINED

HK140248 Hong Kong SOUTH CHINA MORNING POST in English 14 Jul 86 p 9

[By David Chen]

[Text] Two promising members of China's third tier of leadership are vying for the top post in the Government, both aiming to become China's next Prime Minister when Mr Zhao Ziyang leaves the State Council to take up another post, according to diplomatic sources in Beijing and Hong Kong.

The two, both vice-premiers, are using a number of energy projects, including Daya Bay nuclear plant, to put forward their different stands.

Mr Li Peng, the technologically-minded official, is fully in favour of going ahead with the project while Mr Tian Jiyun, the financial expert who helped Mr Zhao Ziyang in running Sichuan Province before his recall to Beijing a few years ago, is said to be firmly opposed to the plant.

Diplomat's believe that because of the keen competition between Mr Li and Mr Tian, Mr Deng Xiaoping and other top leaders may decide on a compromise candidate, the newly-appointed fifth vice-premier, Mr Qiao Shi.

There has also been speculation about opposition to Mr Hu Qili, generally regarded as a successor to party General Secretary Hu Yaobang.

The four, all members of the reformist camp, are keen rivals -- which does not bode well for policy differences among them when they take over the second tier of leadership.

And diplomats believe that at the 13th national congress of the Chinese Communist Party next year, all the current top leaders may have to hold on to their posts for at least another year or two.

Only a year ago, Mr Hu Qili and Mr Li Peng were all but confirmed in their aspirations to top party and Government posts.

The credentials of Mr Hu Qili, a former first secretary of the Communist Youth League, were impeccable and his ascendancy in the hierarchy has been meteoric. He faded from the political limelight during the Cultural Revolution and re-emerged after Mr Deng Xiaoping and Mr Hu Yaobang returned to power in 1977. He served briefly in Tianjin and became the top man in the revived Communist Youth League, a position that his mentor, Mr Hu Yaobang, once held.

From then on, he headed various departments of the Central Committee and was appointed a member of the party Secretariat, recently taking over its day-to-day work, a task that Mr Hu Yaobang once undertook.

In the past two years, Mr Hu Qili has been most active in the political arena and travelled widely throughout the country and abroad. He was, and still is, regarded as the most likely successor to Mr Hu Yaobang as the party General Secretary.

But lately there has been firm opposition to Mr Hu Qili, according to people in diplomatic circles, particularly from elements in the conservative camp, headed by the country's top economist, Mr Chen Yun, President Li Xiannian, and the chairman of the National People's Congress, Mr Peng Zhen.

Meanwhile, China's propaganda machinery is also in disarray. The Central Committee's propaganda department was for several years led by an orthodox Marxist, Mr Deng Liqun, who was against any liberalisation in the cultural field.

His stand led to several serious conflicts, and in the end he was removed from the department to be replaced by the more liberal-minded Mr Zhu Houze.

But before relinquishing his post, Mr Deng managed to plant his followers in several key positions and in spite of his determined efforts, Mr Zhu appears unable to exercise full control of the propaganda department and the country's media.

The result was confusion in the enunciation of the party line, with cadres of different political thoughts championing different concepts, all in the same columns of the nation's major press.

Many analysts now think there may not be major changes in the leadership when the Chinese Communist Party convenes its 13th national congress next year. The stalemate, however, is not expected to last for long and within a year or two, both the conservative elements as well as Mr Deng Xiaoping, Mr Zhao Ziyang and Mr Hu Yaobang, will leave the party Politburo.

In the Government, there also appears to be serious conflict between those representive the older bureaucracy, who inherited the mantle of the late Mr Zhou Enlai, and the new leadership, headed by Mr Zhao Ziyang.

Mr Li Peng, the Vice-Premier who champions technological innovations and is a champion is searching for new energy sources, is generally regarded as representing the "old guard" of the bureaucuracy.

The son
of a communist revolutionary killed by the Kuomintang, he was looked after by Zhou Enlai and his wife and received an excellent education. After the People's Republic was founded, Mr Li was sent to the Soviet Union to further his study.

Returning to China, he rose steadily through the ranks, the Cultural Revolution notwithstanding.

After Mr Deng Xiaoping returned to power in 1977, Mr Li was given a series of Government posts, in which he distinguished himself. Specialising in energy resources, Mr Li became the chief spokesman on energy and championed the search for new sources and latest technology.

He is a strong advocate of the Three Corges hydro-electric project as well as the construction of nuclear power stations.

His advocacy has earned him a great many opponents, particularly in the Three Gorges project, which was firmly opposed by the environmentalists.

Environmentalists say the project would totally upset the ecological balance not only in the middle-reaches of the Yangtze River but in the lower reaches and other parts of China as well.

Mr Tian, on the other hand, is a newcomer to the central leadership. After working mostly in the provinces, he was in charge of the finance department of the Sichuan provincial government under Mr Zhao Ziyang in the late 1970s and worked closely with Mr Zhao in revamping the province's economy, with spectacular success.

Mr Zhao was later recalled to Beijing as a vice-premier and when he became Prime Minister in 1979, Mr Tian was seconded to the central Government and worked as Secretary General of the State Council. Two years ago, Mr Tian was promoted to be Vice-Premier along with Mr Li Peng.

There has since been intense speculation over Mr Zhao's successor and both Mr Li and Mr Tian are regarded as strong contenders, the other vice-premiers, Mr Wan Li and Mr Yao Yilin, being too old to take over the premiership.

Increasingly, it looks as if the leadership under Mr Deng Xiaoping prefers to maintain the status quo, at least for another two years or so, before any major change is to be effected.

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RENMIN RIBAO ON MITTERRAND'S VISIT TO U.S., USSR

HK141138 Beijing RENMIN RIBAO in Chinese 12 Jul 86 p 7

[Commentary by staff correspondent Ma Weimin from Paris on 11 July: "Between the United States and the Soviet Union -- President Mitterrand Visits the United States and the Soviet Union"]

[Text] It must be said that the week of 4-10 July was a very busy one for President Mitterrand. On the 3d day following his presence at the 100th birthday party of the Statue of Liberty and his meeting with President Reagan, President Mitterrand arrived in Moscow for his third meeting with Soviet leaders in 2 years. In Moscow, he had three rounds of talks with General Secretary Mikhail Gorbachev. Their talks took a long time and involved a wide range of topics, and even "went very deep into all topics" (Mitterrand). So far Mitterrand has had more meetings with Gorbachev than has any other Western leader.

Mitterrand said: "Within 4 days we arrived in Moscow from New York. This has given us an interesting panorama." Before departing from New York on 4 July, he said that he would give Reagan a detailed report by letter after his meeting with Gorbachev. For this reason, public opinion paid great attention to Mitterrand's visits to the United States and the Soviet Union, viewing them as important diplomatic contacts between East and West at a time when some fresh air is coming out again from U.S.-Soviet relations.

France has consistently alleged that it will act as neither a "mediator" nor a carrier of message between the United States and the Soviet Union. However, during his visit to the Soviet Union, Mitterrand said: "It is hoped that France will make the United States and the Soviet Union understand that mutual consultations are better than disputes." It is thus seen that it is obvious that France intends to help link the United States and the Soviet Union.

There are many disputes between East and West on political strategy, including differences between France and the Soviet Union -- the French nuclear arsenal and the issue of human rights. According to French accounts of Mitterrand-Gorbachev talks and news reports published by the French press on the Soviet attitude, it is believed that the basic position of both sides on some major issues remains unchanged, but there has appeared a sign of flexibility in the East-West relationship.

-- Regarding U.S.-Soviet summits, through his talks with both American and Soviet leaders, Mitterrand understands that both sides hope for a summit, but the meeting must be fruitful. He both believes that "a summit meeting must be fruitful. He both believes that "a summit meeting will be held this year, but diplomats still have a lot to do."

-- Regarding U.S.-Soviet nuclear disarmament, Mitterrand has acquired a fresh understanding from his Moscow visit that the SDI is a "key stumbling block" but not an "insurmountable barrier." Viewing that the Soviet Union has conditionally agreed that the United States can conduct research within the limits of the laboratory stage, it stands to reason that the United States and Soviet Union will continue to seek a compromise approach to the problem.

-- Both sides "widely" discussed the Stockholm disarmament talks on Euromissiles, the Soviet Union "put forward a very interesting" proposal (Mitterrand), and set forth a number of concrete ideas for the "faithful measures" which Western countries regard as prerequisites. France believes that the Soviet Union devoutly hopes that an agreement will be reached before the meeting ends on 19 September. The Soviets, too, believe that France intends to play an influential role.

-- Both sides discussed, "in detail," problems relating to the French nuclear arsenal. A Soviet spokesman said the two leaders "are far from coming to an agreement," but the Soviet Union "understands the French demand of exercising its sovereignty over its nuclear forces." The latter part of the remark has aroused keen attention of the French public, but its real implications are still unknown.

It seems that Gorbachev did not studiously evade the issue of human rights, to which France and other Western countries attach great importance. Thus, Gorbachev was the first Soviet leader who openly talked about the problem. At a state banquet in honor of Mitterrand, he expounded Soviet views on the issue in an all-round way and said that "the Soviet Union is seeking practical solutions to the issue." It has been reported that France submitted a list of names involving 21 persons as well as an additional 400-person list to the Soviet Union. Optimistic sources believe that some individual problems can be settled in the near future.

However, all the above are only faintly visible indications of flexibility; whether they are true or not has yet to be proved.

President Mitterrand's visit to the Soviet Union shows that the Soviet Union is making every effort to persuade Western Europe. Press circles here noted that the whole speech made by Gorbachev at the banquet in honor of Mitterrand was aimed at Western Europe. He tried hard to seek unanimity with France and other West European countries on the issue of peace and disarmament. He pointed out: Nuclear war is not the only danger to Europe. There are now 150 nuclear reactors and hundreds of chemical plants in Europe; only a few conventional bombs may cause heavy casualties. Therefore, Europe should become an "example of coexistence." It is understood that the Soviet Union will pay more attention to Western Europe while it continues to take the United States as its main adversary. Seeing the "specific relations" between the United States and Britain and the close ties between West Germany and the United States for the sake of both's security, the Soviet Union has seemingly placed the focus of its work on France. The paper LE FIGARO points out that the Soviet Union "is sparing no efforts to foster differences between France and (the United States)."

In its relations with the Soviet Union and the United States, France faces some specific problems with either of them. If we say the major problem between France and the Soviet Union is the question of strategic security, then the contradictions between France and the United States find expression mainly in the economic field and some partial problems. Before concluding his visit to the Soviet Union, Mitterrand reaffirmed: France belongs to a military alliance and it will not act as a "single cavalryman." Therefore, there will be no "unilateral negotiations" between France and the Soviet Union." "Before and after his Moscow visit, the position of France on the international chessboard did not and will not change." He also said: "But the way of playing chess can be different."

Over the past 2 years, the cool Franco-Soviet relations have been smoothed. This autumn French Premier J. Chirac will pay another visit to the Soviet Union. This will give a new impetus to Franco-Soviet relations. The French maintain that if the Soviet Union plans to lay stress on economic construction just as public opinion in Western countries has analyzed, this will be beneficial to France both politically and economically, so it has to push the development. Whether this logic convinces President Reagan is another thing.

CHINA TO LAUNCH SATELLITES FOR FOREIGN COMPANIES

OW152018 Beijing XINHUA in English 1439 GMT 15 Jul 86

[Text] Beijing, July 15 (XINHUA) -- Companies from Britain, the Netherlands, Canada, Australia, Pakistan, Indonesia and other countries are contacting China for satellite launching service, an official of the Chinese Space Industry Ministry said here today.

China has singed an agreement with a Swedish company to help it with its satellite program, he said. The two sides are now entering into detailed discussions. In April, China also signed a memorandum with Teresat Inc. of the U.S. to launch two satellites.

The official said since 1970, China has successfully launched 18 satellites using Long March carrier rockets.

In accordance with international practice, it generally needs 30 months or more from the date of reservation to the launching. "China will do its best to shorten the period," the official said.

U.S. PREPARED TO DISCUSS SALT II WITH SOVIETS

OW161901 Beijing XINHUA in English 1847 GMT 16 Jul 86

[Text] Washington, July 16 (XINHUA) -- The United States has informed the Soviets that it is prepared to meet with them in Geneva around July 22 to discuss the SALT II arms limitation treaty.

On May 27, U.S. President Ronald Reagan said Washington would abandon the unratified SALT II treaty by the end of this year unless Moscow takes "constructive steps" in arms control.

White House spokesman Edward Djerejian told reporters today that the United States "will be prepared to respond to questions or concerns of the Soviet Union with respect to the President's May 27th decision." Meanwhile, he said, Washington would expect that "in the context of such a discussion, the Soviet Union will also be prepared to address U.S. concerns about Soviet non-compliance with arms control agreements."

The talks were sought by the Soviet Union in order to get a U.S. clarification on President Reagan's decision.

Djerejian also said the United States has agreed to talk with Moscow on the threshold ban treaty and the peaceful explosion treaty, which limit the size of underground nuclear explosions for both countries. The two treaties were signed in 1974 and 1976, respectively, but were not ratified by U.S. congress on the grounds that they lack adequate verification measures.

The White House spokesman made it clear that the United States "intends to continue testing" nucelar weapons until verification methods have been agreed upon.

PRC APPLICATION 'WELCOMED' AT GATT SESSION

OW161158 Beijing XINHUA in English 0807 GMT 16 Jul 86

[Text] Geneva, July 15 (XINHUA) -- China's application for resuming its status at The General Agreement on Tariff and Trade (GATT) was welcomed at a GATT council meeting held here today. The Chinese Government forwarded its official application to GATT General Director Arthur Dunkel July 11. Chinese representative Qian Jiadong issued a statement on the application at the meeting.

Qian said in the statement, "It was only due to historical reasons that the formal relationship between China and the GATT was later suspended. The Chinese Government considers that now is the time for China to seek the resumption of its status as contracting party to the GATT as well. "We wish to see expansions in our economic and trade relations with other countries. The resumption of China's membership and its participation in the work of the GATT as a contracting party will not only promote such relations, particularly with the contracting parties, but also be conductive to furthering the objectives of the GATT.

"As a developing country, naturally, China expects, on resumption of its membership, to receive the same treatment as is accorded to the other developing contracting parties."

The Chinese representatives said China will provide the GATT with necessary information regarding China's economic system and foreign trade position by the turn of the year. "The Chinese Government is also prepared to enter into substantive negotiations with the GATT contracting parties any time it is convenient," Qian said.

After the issuing of the statement, representatives from 26 countries and regions expressed welcome to China's application in their speeches.

The Pakistani representative said that China's resumption of its GATT status will greatly reinforce the work of the organization.

The Chilean representative said that China's re-entry will strengthen the positions of the Third World in the GATT.

The Australian representative said that China's resumption of the GATT seat will be beneficial to the system of multilateral negotiations and the expansion of international trade as well.

The representative of the European Economic Community said that it will be an important international event.

Today's GATT meeting also adopted the report and protocol on Mexico's entry into the GATT. Mexico handed in its application for the entry last November. The Mexican representative said today he hopes that the contracting parties can finish voting on his country's entry by August 15 and it can join the organization officially before September 15, when the GATT ministerial meeting is scheduled to be held in Uruguay.

XINHUA COMMENTARY ON U.S. TREATMENT OF ZIMBABWE

OW121432 Beijing XINHUA in English 1401 GMT 12 Jul 86

["Commentary: Why Is Washington so Mean? -- by Shi Lujia" -- XINHUA Headline]

[Text] Washington, July 11 (XINHUA) -- The United States yesterday suspended its economic aid to Zimbabwe and demanded a formal appology by the Zimbabwean Government for what it termed the country's "baffling diplomacy" towards the United States.

What did the Zimbabwean Government do to make Washington so irritated?

At a July 4 reception at the American Embassy in Harare, capital of Zimbabwe, David Kariamazira, minister of youth, sport and culture, blasted the Reagan administration for applying economic sanctions against Nicaragua, Poland and Libya, but refusing to do anything serious to South Africa. He said the United States, using the excuse of fighting terrorism, attacked "civilian targets" in Libya while turning a blind eye to the terrorism conducted by the racist Pretoria regime against the country's black population and its neighboring countries. This clearly reveals U.S. "appeasement" of South Africa's apartheid policy, he said.

However, putting aside whether the minister's remarks are justified or not, the incident itself means nothing serious. Looking back through history to the present, the United States has on many occasions poked its nose into other countries' foreign policy even their domestic affairs. Why should the United States get so frustrated when someone for once criticizes U.S. foreign policy?

Now, let us look at the minister's remarks. It goes without saying that they are justified. The South Africa regime, which is run by a white minority, has long pursued an apartheid policy, suppressing the country's black majority and repeatedly violating the sovereignty of its neighboring countries. Its misbehavior has drawn world indignation and criticism and many Western countries have kept their distance from the racist regime.

However, the United States, making every excuse and looking for every chance to show its sympathy and understanding, has obliged itself to the policy of "constructive contacts" and refused to impose any sanction against the Pretoria regime facing such an unjustified policy, why cannot one criticize the United States? The United States said that everybody can criticize the United States except Zimbabwe, because Zimbabwe is a recipient of U.S. aid and the aid is given to make the country become a "friend" of the United States.

Not long ago, the U.S. State Department presented to Congress a report in which it added up the percentage of countries which have voted for the United States at the United Nations. To its dismay, only Israel and a few of its NATO allies voted in favor of more than 50 percent of the U.S. proposals. If the United States insists on using cooperation as a criterion for judging a friend, the friends of the United States can be easily numbered.

Calling the U.S. suspension of economic aid to Zimbabwe "a blackmail," Zimbabwean Prime Minister Robert Mugabe has made it clear that he agrees with his minister's statement and an apology is out of the question.

Facing the just stand of the Zimbabwean Government, why shouldn't the United States make a self-criticism for its big power behavior?

LIAOWANG ON USSR'S ACCELERATING ECONOMIC GROWTH

HK111540 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 27, 7 Jul 86 pp 28-29

[Article by Wang Xianju and Yang Futian: "The Soviet Union Is Carrying Out a New 5-Year Plan of 'Accelerating Strategy'"]

[Text] On 19 June, the 5th Session of Supreme Soviet of the Soviet Union approved the 12th 5-Year Plan for Soviet economic and social development (from 1986-1990). The session held that the plan was a "decisive stage" for the realization of the accelerating strategy decided on by the 27th Congress of the CPSU.

Switch to Development of Intensive Operation of the Economy

At a plenum of the CPSU Central Committee which was held on the eve of the Supreme Soviet session, Mikhail Gorbachev pointed out that the major task of the new 5-year plan was to raise economic results on the basis of accelerating scientific and technological progress and "change policies on economic structure and investment in order to facilitate intensive social production."

Through over half a century of construction, the Soviet Union already has fairly great economic strength. However, since the beginning of the 1970's, Soviet economic difficulties have become aggravated and there has been a declining trend in its economic growth rate. It has failed to fulfill the major tasks of the preceding three 5-year plans. From 1966-1970, the annual average growth rate for its national income was 7.7 percent, but in the period from 1981-1985, it dropped to 3.1 percent. This situation has not only hindered the further improvement of the Soviet people's living standards, but also put the Soviet Union in an unfavorable position in its economic and arms races with the United States.

Apart from shortage of labor, unfavorable weather, the growing exhaustion of resources in its western areas, and the need for large amounts of investment in developing its eastern areas, the major problems that caused the decline in Soviet economic growth rates, just as Gorbachev pointed out in his political report to the 27th CPSU Congress, were: It has "failed to promptly make political estimates of changes in the economic situation or to understand the urgent need to switch to developing intensive operation of the economy and to the conscientious application of scientific and technological progress and achievements in its national economy." Nikolay Ryzhkov, chairman of the USSR Council of Ministers, also pointed out that "the most fundamental cause for the shortcomings was that in our actual activities, we failed to promptly consider changes in the economic situation owing to the disappearance in the main of the possibility to develop the economy by extensive operation and we failed to be as firm as we ought to have been in applying the achievements of scientific and technological progress and in restructuring our national economic and management systems in the light of the demand of the times."

In the face of the "serious situation" and "unfavorable trend" in Soviet social and economic development, the Soviet Union has fixed the major targets of its 12th 5-Year Plan higher than those for the preceding 5-year plan, stipulating a 22.1 percent increase for its national income in the coming 5 years; a 25 percent increase for its industrial output value; a 14.4 percent average annual increase for its agricultural output value; a 25 percent increase in its industrial labor productivity; and a 14 percent increase for the per capita real income of its residents.

Soviet leaders called the 12th 5-Year Plan a "turning point plan" for the transition from extensive to intensive development of the national economy. The major indicator for this is that the plan placed particular emphasis on improving labor productivity, product quality and energy conservation. The plan stipulates that in the coming 5 years, the growth in its national income, industrial output value, and the output value of its other production sectors has to rely almost entirely on raising labor productivity. This is for the first time in the history of Soviet economic development.

Accelerate Scientific and Technological Progress

Under the background of the surge of the new scientific and technological revolution throughout the world, the Soviet Union believes that accelerating its scientific and technological progress is an "important lever" to raise the efficiency of its national economy and a "major means" to realize the intensive operation of its production. The strategy that it has drawn up to accelerate its scientific and technological progress is: Concentrating its funds on solving key problems in its national economy and popularizing everywhere, the brand new technological equipment and processes that have been proved by practice can substantially increase its labor productivity. In the coming 5 years, every sector should increase the application of fundamental advanced technology by 50 percent, the average level of automation in its economy should rise by 100 percent, the output of computers should increase by 130 percent, and the number of industrial robots should increase by 200 percent. At present, there are about 5,300 scientific research institutes throughout the Soviet Union and 1.46 million scientific workers, who account for about one fourth of the total number of scientific workers in the world. The Soviet Union has scored major achievements in nuclear fusion, astronautics, physics, mathematics, and biology and is among the front runners in the world in these fields. However, since the 1970's its scientific and technological development has slowed down and clearly lagged behind in the fields of electronics, computers and automatic machinery. According to relevant specialists' estimate, the Soviet Union lags behind the United States by 12-20 years in the application of industrial technology and by 10-15 years in the fields of electronic technology, petrochemical industry, instruments, meters, and automatic tools.

What has caused its science and technology to lag behind are defects in its existing scientific and technological management system, the serious separation between heavy war industry and light civil industry and between scientific research and production and the slow popularization of new technology. At the 27th CPSU Congress, Gorbachev criticized the phenomenona of some scientific and technological achievements failing to be applied and popularized for a long time. He cited the example that Soviet scientists discovered the non-wearing-and-tearing effect 30 years ago, but this has not yet been widely applied even now. They invented a wearproof packing for bearings nearly 10 years ago, but this has not yet been widely used either. "Sometimes, an application for title over invention has to wait for several years to pass examination and verification and this has become a process filled with misery."

In order to remove the obstacles to the development and progress of science and technology in the existing scientific and technological management system and in order to raise the efficiency of its scientific research institutes, the Soviet Union plans to adopt a new management system. First, it will "resolutely reform science in its production sectors" and make it more easily available for production sectors, and shoulder all-round responsibility for the scientific and technological level of their corresponding production sectors. In addition, it will vigorously develop a trans-departmental scientific and technological complex in order to make science merge better with production.

The Soviet Union has also decided to utilize world advanced scientific and technological achievements through enlarging its trade and scientific and technological cooperation with other countries, and acquiring loans and credit. Inside CEMA, it will focus on developing atomic energy, electronic technology, automation, new materials and bioengineering together with other member countries in order to strive to catch up and surpass the United States, Japan and other Western countries in these fields as soon as possible.

Readjust Structural and Investment Policies

Changing its policies concerning the structure of its national economy and its investment policies is another important measure that the Soviet Union is to take in order to realize its "accelerating strategy." Ryzhkov said: "The essence of the change is to switch the focus of our attention from quantitative indexes onto quality and economic results; from pursuing intermediate achievements into pursuing final achievements; from expanding production funds to expanding production renewal funds; and from increasing the resources of fuel and raw materials to improving their utilization."

In the new 5-year plan period, the Soviet Union will accelerate the development of its machine building, electric power, chemical and petrochemical industries, which will enable its economy to reach world advanced technological and scientific level. By 1990, their proportion in its industry will rise to over 40 percent. The most important will be its machine building industry, which will grow at a rate 90 percent higher than that of the entire industry. By 1990, the annual rate of renewal of its machine building industrial products will reach 13 percent, but that for the year 1985 was only 4.5 percent.

At the same time, the Soviet Union decides to readjust its investment policies:

-- It will increase the proportion of accumulation in its national income. Over the past 15 years, the growth rate of Soviet investment has continued to decline drastically and thus affected the growth of funds for the renewal of fixed assets and the growth of production capacity, and finally affected the development of its national economy. In order to change this situation, it has decided to raise the growth rate of production investment in the coming 5 years to 25 percent from the 16 percent of the preceding 5-year plan.

-- It will switch from focusing on building new enterprises and expanding enterprises to focusing on the technological renovation and transformation of its existing enterprises. In the coming 5 years, it will allocate more than 200 billion rubles for the refitting and technological transformation of its production equipment. This is more than the total allocation for this purpose in the past 10 years. The proportion of this investment in the total investment of its economy will rise from 37 percent in 1985 to 50 percent in 1990.

-- It will overcome the practice of scattering its capital construction funds and reduce the periods of investment by at least 5 percent. At present, the Soviet Union is carrying out the construction of over 300,000 large and small projects. The construction is slow and large amounts of funds are locked up. In order to counter this situation, the Soviet Union has decided to rearrange its capital construction projects and beginning in 1987, it will arrange the plans and construction for its capital construction projects in strict accordance with standards.

Reform the Economic Management System

In the main, the forms of production relations and the administration and management systems in the Soviet Union took shape under the situation of the extensive development of its economy. As times have changed, they have gradually become outdated and begun to lose their impetus to the economy and to hinder the development of the productive forces. Since the mid-1950's, the Soviet Union has made quite a few experiments in economic reform, but has not achieved much effect and failed to reach the planned goals. Its existing management system has low efficiency and great waste and is overcentralized.

The current Soviet leadership sees the importance and urgency of reform. The 27th CPSU Congress decided on the principle of carrying out an overall economic reform. The key to the reform is to heighten the efficiency of the centralized leadership over its economy and also to expand the decisionmaking power of combined companies and enterprises, heighten their sense of responsibility for the results of their work, and perfect their management system including merging departments of the same kinds, eliminating intermediate links and resolving the contradictions of separation between departments and areas.

Since the congress, the Soviet leadership has already adopted some specific measures to push forward the economic reform. The production in the first 5 months of this year has improved compared with the same period last year, but there is still fairly great resistance in the road of reform. Recently, Gorbachev said: "The period of time since the congress shows that the speed of our advance and our mastery of the new administration and management methods have slowed down to a fairly large extent owing the overstaffing in our management organs and our low work efficiency. The process of redistributing power and duties between and central departments responsible for economy and ministries as one party and the enterprises, combined production companies and labor collectives as the other, has been filled with many hitches." He criticised some leaders and said that "even under the situation when the functions of the management organs have been changed, they still do their utmost to maintain their power of command in various ways."

Whether the Soviet Union will be able to smoothly fulfill its 12th 5-Year Plan and attain the strategic goal of doubling its national income and industrial output value by the end of this century, to a very great extent depends on the results of its economic reform. Gorbachev expressed the will to "carry out resolute struggle" against all the factors that hinder the progress of reform."

PRC, SOVIET CINEMATOGRAPHERS SIGN AGREEMENT

OW092330 Beijing in Russian to the USSR 1800 GMT 8 Jul 86

[Text] A working plan for cooperation between PRC and Soviet cinematographers for the period 1986-1987 was signed on 7 July in Moscow. The plan was signed by Ding Qiao, PRC vice minister of radio, cinematography and television, and Yermash, chairman of the USSR State Committee for Cinematography. The Soviet State Committee for Cinematography showed a Chinese color feature film, The Wanderer and the Swan, at the Moskva Theater in the afternoon to commemorate the 30th anniversary of the signing of the cultural cooperation agreement between the PRC and the USSR. The Chinese cinematographers delegation headed by Ding Qiao and the staff of the Chinese Embassy in the USSR were invited to the showing. The Chinese cinematographers met with the audience before the showing, and were warmly received.

COMMENTARY MARKS PRC-DPRK TREATY ANNIVERSARY

SK160736 Beijing International Service in Korean 1100 GMT 13 Jul 86

[Station commentary: "Let Us Support Each Other and Advance Shoulder to Shoulder"]

[Text] The day 11 July is the 25th anniversary of the signing of the China-Korea treaty of friendship, cooperation and mutual assistance. The two countries of China and Korea are holding various celebrations.

A Chinese party and government delegation headed by Comrade Tian Jiyun, member of the Political Bureau, and member of the Secretariat, of the CPC Central Committee and vice premier of the State Council, is visiting the DPRK, and a Korean party and government delegation headed by Comrade Yi Chong-ok, member of the WPK Central Committee Political Bureau and vice president of the state, is visiting China.

The Chinese People's Association for Friendship With Foreign Countries, the China-Korea Friendship Association, and the Korea-China Friendship Association have exchanged delegations.

Celebrations are being held in the capital cities of the two countries. China and Korea are close allies whose mountains and rivers are linked with each other and who have teeth and lips relations.

The peoples of the two countries have forged deep militant friendship in the course of a long common struggle. Since Comrade Zhou Enlai and Kim Il-song signed the Chinese-Korea Treaty of Friendship, Cooperation and Mutual Assistance 25 years ago representing their respective countries, such friendship has been consolidated in a form of treaty. Over the last 25 years this treaty has continuously developed the friendship and cooperative relations between the two countries by overcoming complex and arduous trials in the international situation.

In the message of greetings sent to the Korean party and government leaders, the Chinese party and government leaders noted that the signing of the China-Korea Treaty of Friendship, Cooperation and Mutual Assistance was an event of great significance in history of the friendly relations between China and Korea, and that this treaty clearly has reflected the sincere aspirations and firm will of the peoples of China and Korea to further strengthen their unity, to accelerate the nation's development, and to safeguard peace in Asia and the world.

In his message sent to the Chinese party and government leaders, President Kim Il-song pointed out that the Korea-China treaty of friendship, cooperation, and mutual assistance has made an important contribution to firmly safeguarding the revolutionary gains of the two countries, to accelerating socialist construction, and to safeguarding peace in Asia and the world.

Over the past 25 years, in recent years in particular, the leaders of China and Korea have promoted relations between the two countries onto a new stage by frequently visiting each other. Such a spirit of friendship and cooperation has been reflected in supporting each other's struggle for national reunification and in defending the peace in Asia and the world.

In a meeting with Comrade Yi Chong-ok, leader of the Korean party and government delegation, Comrade Hu Yaobang, general secretary of the CPC Central Committee, said that China is prepared to continuously strive [kyesok noryokhal yongirul kajigo itta] to develop the friendship and cooperative relations between China and Korea, and that China extends firm solidarity with the just position of the Korean people to achieve the independent and peaceful reunification of the nation.

At a mass rally in Pyongyang marking the 25th anniversary of the signing of the Korea-China Treaty of Friendship, Cooperation and Mutual Assistance, Comrade Tian Jiyun, leader of Chinese party and government delegation, said that the two parties and two countries of China and Korea not only have strengthened unity and developed friendship in accordance with the spirit of the treaty, sincerely cooperating and helping each other, but also have played an important role in defending peace in Asia and the world.

Comrade Tian Jiyun also noted that China, a close neighbor and comrade-in-arms of the DPRK, takes a great interest in the situation on the Korean peninsula and firmly supports the just position and all reasonable calls of Korea.

At the rally Kang Song-san, premier of Korea, noted that the fraternal Chinese people are effecting a new upsurge in all fields -- including agriculture, industry, national defense, science and technology -- in firm unity with the CPC, and that the PRC is becoming a great peace force in Asia after being strengthened and developed. Premier Kang Song-san also said that the Korean people will fight shoulder to shoulder with the Chinese people forever.

In the message of greetings sent to the Chinese party and government leders, President Kim Il-song stressed that the Korean people extend firm solidarity with the Chinese people's struggle to achieve socialist modernization with unique Chinese characteristics and to reunify the whole of the nation by returning Taiwan.

Although time passes, the friendship between the peoples of the two countries will be immortal forever. China-Korea friendship will more brilliantly flower and will continuously encourage the peoples of the two countries to support each other and advance shoulder to shoulder with each other.

QIAO SHI FETES DPRK FRIENDSHIP DELEGATION

OW161305 Beijing XINHUA in English 1059 GMT 16 Jul 86

[Text] Beijing, July 16 (XINHUA) -- Chinese Vice-Premier Qiao Shi met and had a cordial, friendly talk with a delegation from the Korea-China Friendship Association led by its Vice-Chairman O Mun-Han here this afternoon. Qiao gave a dinner for the Korean delegation after the meeting.

Present on the occasions were president of the Chinese People's Association for Friendship With Foreign Countries Zhang Wenjin and Ambassador of the Democratic People's Republic of Korea to China Sin In-ha.

Since their arrival in China July 8, the Korean guests have attended the celebration activities for the 25th anniversary of the China-Korea Treaty of Friendship, Cooperation and Mutual Assistance and visited Beijing, Guangzhou and Shenzhen. They will leave here for home tomorrow.

CHEN MUHUA MEETS WITH ASIAN BANK DELEGATION

OW151553 Beijing XINHUA in English 1157 GMT 15 Jul 86

[Text] Beijing, July 15 (XINHUA) -- Chen Muhua, state councillor and governor of the People's Bank of China, said here today that China is willing to accept loans from the Asian development Bank (ADB) under the conditions of favorable terms.

At a meeting with a senior delegation from the ADB led by its vice president, M. Narasimham, Chen said China lacks funds to develop its economy, so it needs to import funds. She said, China has been a member of the ADB for only a short time, but the two sides have very good relations. She expressed her hope that both sides would strengthen their contacts and cooperation, which is so important for China's economic development and the ADB's work, and also promote mutual understanding.

Narasimham gave an account of the conditions of the ADB's loans. He said that the ADB is ready to cooperate with China. The delegation arrived here July 13 at the invitation of the People's Bank of China.

SON SANN URGES EUROPEAN SANCTIONS AGAINST SRV

OW160626 Beijing XINHUA in English 0611 GMT 16 Jul 86

[Text] Paris, July 15 (XINHUA) -- Democratic Kampuchea's Coalition Government Prime Minister Son Sann has called on European countries to put economic and financial pressure on Vietnam until it withdraws its troops from Kampuchea. In an interview with XINHUA today the coalition prime minister said he has asked the European Parliament and "our parliamentary friends to support our eight-point proposal and to continue to vote for us at the United Nations as in previous years."

The Coalition Government of Democratic Kampuchea offered an eight-point proposal March 17 in Beijing calling on Vietnam to make a two-stage withdrawal of its troops from Kampuchea and for four-party negotiations by the three resistance factions and the Heng Samrin regime to set up a four-party coalition government of Kampuchea. The proposal has won international support but was rejected by Vietnam soon after it was made. Vietnam still demanded what it calls "getting rid of the Khmer Rouge." More than 40 countries have expressed support for the proposal.

"Political pressure is good, but it isn't enough. Other pressure must be brought to bear, what I call economic and financial pressure," Sann said. He said that during a recent tour of Noirth and West European countries he had asked leaders to withold economic aid to Vietnam. "For two years Vietnam attacked many of our camps. But now our troops are in the interior, and we are attacking all Vietnamese controlled cities," he said. "Vietnam has no support in Kampuchea. All the people reject it. It is getting into more and more difficulties with our forces. It could not destroy us when we were operating on the border, and it cannot destroy us in the interior."

"The people of Kampuchea support our efforts," the prime minister said, and went on to note that at the moment Vietnam is experiencing "grave economic difficulties." World opinion is against Vietnam, Sann said. "Our cause is just."

Asked about the recent death of Vietnamese leader Le Duan, Sann said he did not think the new Vietnamese leadership will change Vietnam's Kampuchea policy.

ZHOA ZIYANG CONTINUES EUROPEAN, AFRICA TRIP

Premiers Hold Press Conference

OW170218 Beijing XINHUA in English 0149 GMT 17 Jul 86

[Text] Madrid, July 16 (XINHUA) -- Chinese Premier Zhao Ziyang and his Spanish counter-part Felipe Gonzalez told the press here today that they are satisfied with the developing relations of friendship and cooperation between the two countries and confident of their furtherance. The two government leaders gave a joint press conference this evening following their second round of talks at the office of the Spanish prime minister.

Zhao said his talks with Filipe Gonzalez on issues of mutual interest were "intensive and useful." They showed the two countries have the same position on peace and development -- the two fundamental issues facing the world today -- and hold identical or similar views on many other key international questions. Zhao said that both China and Spain strongly desire to push their friendly cooperation still further in a down-to-earth manner.

Prime Minister Gonzalez said his country's relations with China are based on mutual trust and friendship as the two countries have no conflicts of fundamental interests between them. He described Zhao's visit as one that will surely give a vigorous impetus to the development of bilateral relations.

When asked whether any specific items for economic cooperation were discussed in the talks, Premier Zhao said that two items agreed upon last year were later cancelled for reasons on the part of China, but he had offered some new projects during his current visit, in which the Spanish side showed keen interest. Zhao stressed that as the saying goes, "Failure is the mother of success," the setbacks in the past will help make bilateral cooperation in future going on more smoothly. There is no reason to be sceptical of the cooperation in the days to come just because of setbacks in the past, he noted.

The Spanish prime minister agreed by saying he believed that the newly proposed items for cooperation are solidly based and that the potentials for expanded cooperation in other fields such as finance, science and technology, are also very great.

This morning, Zhao travelled over 70 kilometers to Toledo, the former imperial city, to see Spain's ancient culture and civilization between the 9th and 16th centuries. The Chinese premier was warmly greeted by the mayor of the city Joaquin Sanches at the gateway of Bisagra, a 16th century structure. In Toledo, described as "the glory of Spain and the light of its cities," Zhao visited the former house and museum of El Greco, a master painter in the 16th century, the church of Santo Tome built in the 14th century, and the Toledo Cathedral built in 1493. He also took a general view of the city from the Tarador Hotel on hilltop.

Zhao on Relations with SRV, USSR

OW170546 Beijing XINHUA in English 0535 GMT 17 Jul 86

[Text] Madrid, July 16 (XINHUA) -- Chinese Premier Zhao Ziyang said today he did not know whether Vietnam's policy towards China would change or not after the death of Vietnamese Communist Party General Secretary Le Duan.

Zhao made the remarks when asked about the future of relations between China and Vietnam following the recent change of Vietnam's party leadership, at a press conference here this evening.

Talking about Soviet party leader Mikhail Gorbahcev's recent calls for improved ties with China, Premier Zhao said, "We hope that they would take practical actions to remove the three major obstacles."

The three obstacles are the big gathering of Soviet troops along the Chinese border, the Soviet invasion of Afghanistan, and its support of the Vietnamese occupation of Kampuchea.

Zhao, who arrived here Monday on the fourth leg of a six-nation tour, will leave for Turkey tomorrow.

Urges Gibraltar Settlement

OW170554 Beijing XINHUA in English 0532 GMT 17 Jul 86

[Text] Madrid, July 16 (XINHUA) -- China is happy to note that Britain has agreed to negotiate with Spain on the issue of the Gibraltar, visiting Chinese Premier Zhao Ziyang said here today.

Answering a question at a press conference following his talks with his Spanish counterpart Felipe Gonzalez, Zhao said he hoped that the Gibraltar issue will be settled satisfactorily through friendly consultations.

"China and Britain have successfully reached agreement on the settlement of the Hong Kong issue through talks in the spirit of mutual understanding and mutual concession, by placing Sino-British friendship above everything else and having their eyes on the future," he noted, adding, "This settlement not only conforms with the interests and aspirations of the Chinese and British people as well as the inhabitants in Hong Kong, but also provided experience for the search of solutions to the problems in the world left over by history.

Zhao, who arrived here Monday on an official visit, will leave for Turkey tomorrow. Turkey will be the fifth leg of his Six-nation Balkan-Mediterranean tour.

King Accepts Invitation to PRC

OW170558 Beijing XINHUA in English 0538 GMT 17 Jul 86

[Text] Madrid, July 16 (XINHUA) -- Spanish King Juan Carlos I has accepted a renewed invitation from Chinese President Li Xiannian to visit China again, it was announced here today.

The announcement was made by Chinese Premier Zhao Ziyang and his Spanish counter-part Felipe Gonzalez at a press conference they jointly held here this evening.

The invitation was conveyed to the king by Premier Zhao on President Li's behalf when he met the king and Queen Sofia yesterday. The king is looking forward to making the visit at the earliest possible date to be fixed through diplomatic channels, the announcement said. The king and queen paid their first visit to China in 1978.

Zhao, Gonzalez Address Banquet

OW170604 Beijing XINHUA in English 0540 GMT 17 Jul 86

["Zhao Says Purpose of His Spain Visit Achieved" -- XINHUA headline]

[Text] Madrid, July 16 (XINHUA) -- Chinese Premier Zhao Ziyang said in a toast here today that his short but fruitful visit to Spain has resulted in better understanding and closer cooperation between the two countries.

In a return banquet held at Hotel Ritz, where he stays during his four-day visit, Zhao said he believed that relations between China and Spain can well be expected to reach a new and higher level on the existing good basis. He expressed thanks to the Spanish Government for the hospitality accorded him and his entourage.

Spanish Prime Minister Felipe Gonzalez noted in his toast that relations between the two countries are based on "sincerity, amicability and mutual understanding," on which "we will keep the momentum of cooperation tirelessly." "In spite of the language difference and geographical distance, Spain has a deep understanding and appreciation of the efforts being made by Chinese leaders," Gonzalez said.

Among the 100 and more Spanish officials present at the banquet, which was pervading throughout with enthusiasm and cordiality, were Foreign Minister Fernandez Ordonez, Economy and Finance Minister Carlos Solchaga, Culture Minister and Government spokesman Javier Solana and Industry and Energy Minister Joan Majo. Director of China's State Economic Commission Lu Dong and other senior Chinese officials accompanying Zhao on the visit, which is to end tomorrow, also attended the banquet.

AIR FORCE COMMANDER MEETS FRENCH DELEGATION

OW161431 Beijing XINHUA in English 1333 GMT 16 Jul 86

[Text] Beijing, July 16 (XINHUA) -- Wang Hai, commander of the Air Force of the Chinese People's Liberation Army, met here this evening with a delegation from the school of the French Air Force led by its Commandant Brigade General Jacques Deveaud. Wang and Deveaud agreed that the delegation's visit will strengthen the friendship between the Air Forces of the two countries. The meeting was followed by a reception hosted by Yu Zhenwu, deputy commander of the P.L.A. Air Force. The delegation, composed of over 100 officers and cadets of the school, arrived here this afternoon for a study tour.

WANG ZHEN MEETS ITALIAN CP DELEGATION 13 JULY

OW131242 Beijing XINHUA in English 1128 GMT 13 Jul 86

[Text] Beijing, July 13 (XINHUA) -- Wang Zhen, vice-chairman of the Chinese Communist Party Central Advisory Commission, met here this evening with a party school delegation from the Italian Communist Party led by Nello di Paco, president of the Pisa School of the Party Central Committee. Wang Zhen, who is also president of the Party School of the Chinese Communist Party Central Committee, told Italian Communists that he hoped for the expansion of cooperation and exchanges between the schools of the two communist parties. The Italian Communists arrived here June 26. They had a tour of Xian, Nanjing, Shanghai and Chengdu in the past few weeks.

KUWAITI MINISTER ON INVESTMENT IN PRC, USSR

OW161321 Beijing XINHUA in English 1138 GMT 16 Jul 86

[Text] Kuwait, July 16 (XINHUA) -- Rapid progress has been made in talks between Kuwait, China and the Soviet Union on the feasibility of Kuwaiti investment in the two countries, according to Kuwaiti Finance Minister Jasim al-Khurafi.

In a recent interview with Saudi Arabia's daily "AL-JAZIRAH" the minister said that Kuwait is studying the possible economic profits from its investment projects in these two countries Kuwait is optimistic about the future of the investment, Al-Khurafi said.

Kuwait's diversification of its investment abroad does not mean the withdrawal of Kuwaiti funds from the United States, he stressed. "Our funds in the United States are guaranteed by law, without any risks", he said. Kuwait has an estimated 6 billion U.S. dollars of investment in the U.S.

Kuwaiti daily "AL WATAN" pointed out today that Al-Khorafi's talks was made when a Soviet economic delegation was in visiting Kuwait for talks on probing further cooperations between the two countries on oil and finance.

NEWS ANALYSIS ON SYRIAN ENTRY TO WEST BEIRUT

OW150000 Beijing XINHUA in English 2346 GMT 14 Jul 86

[News analysis: Why Syrian Task Force Enters West Beirut? (by Zhu Jiefei and Xing Chuanting) -- XINHUA headline]

[Text] Beirut July 15 (XINHUA) -- The re-entry of a Syrian task force unit into West Beirut will serve as a multi-purpose move by Syria, political analysts here said. The unit of over 380 regulars, together with Syrian observers already stationed in West Beirut, have so far played a major role in maintaining security in the Moslem districts of this war-torn capital of Lebanon. But Syria's re-entry into Beirut was not merely aimed to maintain order.

The Syrian troops withdrew from Beirut in 1982. Their re-entry on July 4 this year has been taken as a dubious move to have a tighter control over the Lebanese Moslem factional militias and prevent a substantial comeback of the Palestinian guerrillas to Lebanon.

The Syria-backed Shi'ite Amal militias had fought bloody battles against Palestinians around the refugee camps in West Beirut. The Amal charged that a great number of palestinians had come back recently. Many Lebanese said the Israelis will use this as a pretext for intervention. However, the Palestine Liberation Organization claimed that more Palestinians are arriving in Beirut to visit their families.

The deployment of Syrian troops in West Beirut will create new difficulties for the Palestinians' plan for a substantial comeback if they do have such a plan.

The Syrians will take West Beirut as a springboard for their next move to enter southern Lebanon. Well informed sources here said Syrians are now negotiating in Saida with local political leaders on the deployment of Syrian troops in this biggest port city in the south.

In addition, Syria, with their military presence in West Beirut, will try to get the kidnapped Western hostages released in a bid to improve its image in the world as it has been accused by the United States and its Western allies as a base of international terrorism. Confirmed reports said the Syrian task force encircled the southern suburb of Beirut as they entered the city. Most, if not all, of the hostages were said to have been kept in that part of the capital. Syria has already succeeded in getting two of the French hostages released. Local reports said the remaining French hostages are to be set free in a few days.

Other reports said the United States is contacting Syria for the release of the six American hostages.. Observers believe that the release of any American hostages will constitute a de facto recognition by the United States of Syria's military presence in Beirut.

The entry of Syrian troops into West Beirut may well be described as the "Beirut gambit" played by Syria in the game of Lebanon after the failure earlier this year of the tripartite agreement sponsored by Syria to end the sectarian war in Lebanon, a result of boycotts by the Christians.

The game has started well. But it is hard to speculate how the game will end since there are not only two but many players over the chessboard and each of them has his own goal.

RENMIN RIBAO ON POLITICAL STORM IN ISRAEL

HK170055 Beijing RENMIN RIBAO in Chinese 13 Jul 86 p 6

["Roundup" by staff reporter Chen Jichang: "Political Storm Caused by the Israeli 'Shin Bet Incident'"]

[Excerpts] The "Shin Bet incident," which took place 2 years ago, has ignited a great storm in Israel and caused an unprecedented political crisis to the Peres government.

Shin Bet was the original name of the Israeli State Security Bureau. In April 1984, when four Palestinians hijacked a public bus in southern Tel Aviv, the Shin Bet secret police killed two of them and arrested the other two. Subsequently, (Shalom), head of the "Shin Bet," ordered the killing of the two arrested Palestinians. This was the basis of the Shin Bet incident. But (Shalom) covered up this crime and provided false evidence asserting that the four Palestinians were all killed in action. Between May and June this year, (Zamir), former judicial adviser for the Israeli Government, made known to the public the actual state of the incident after obtaining evidence from a Shin Bet official. This immediately caused repurcussions in Israeli society, and people called it the Shin Bet incident. [passage omitted]

The Israeli authorities have resorted to various means to cover up this scandal and to pacify the media's dissatisfaction over the Shin Bet incident. (Shalom) declared his resignation on 25 June, and the Israeli president announced that (Shalom) and the other three Shin Bet officials were exempt from a lawsuit. Obviously, the Israeli authorities tried to help the Shin Bet gloss over its crime. But instead, the Israeli authorities' attempt to harbor the Shin Bet resulted in an even larger political storm. [passage omitted]

The political storm ignited by the Shin Bet incident is at present surging forward. It is hard to predict what it will bring to the Israeli Coalition Government and the impact it will have on the political situation in Israel. However, the exposure of the incident has once again suggested what a sham the "freedom and democracy" advocated by the Israeli authorities is.

OFFICIALS ATTEND IRAQI NATIONAL DAY RECEPTION

OW161307 Beijing XINHUA in English 1102 GMT 16 Jul 86

[Text] Beijing, July 16 (XINHUA) -- Iraqi Ambassador to China Rashid M.S. al-Rifai and his wife gave a reception at the embassy here this evening in celebration of the 18th anniversary of the 17-30 July revolution.

Among the guests were Chinese Minister of Urban and Rural Construction and Environmental Protection Ye Rutang and Vice-Minister of Foreign Affairs Qi Huaiyuan.

BRIEFS

AMBASSADOR TO SYRIA -- Syrian Premier Kasm said on 9 July that, facing the threat of Israel's aggression, Syria would fight to the end and never retreat. He made the statement when receiving Chinese Ambassador to Syria Wang Changyi in the capital of Damascus. On Sino-Syrian relations, Kasm said that both countries belonged to the Third World and their relations were very friendly. Ambassador Wang Changyi also expressed the hope that the two countries would increase their cooperation in all fields. [Text] [Beijing Domestic Service in Mandarin 0200 GMT 11 Jul 86 OW]

IRANIAN SPORTS DELEGATION -- Beijing, 14 Jul (XINHUA) -- He Zhenliang, vice-minister of China's State Physical Culture and Sports Commission and member of the International Olympic Committee's Executive Board, met with the visiting Iranian sports delegation here today. The Iranian delegation, led by Ahmad Dargahi, deputy prime minister and president of the Physical Education Organization, arrived here last Friday. The vice-minister gave a banquet in honor of the Iranian guests. The Iranian delegation will leave here this evening for home. [Text] [Beijing XINHUA in English 0549 GMT 14 Jul 86 OW]

PRC-BURUNDI PROTOCOL -- China and Burundi signed a protocol on China sending a medical team to Burundi on 10 July in Bujumbura, capital of Burundi. Egide Nkuriyingoma, Burundian minister of external relations and cooperation, and Shen Lianrui, Chinese ambassador to Burundi, signed the protocol on behalf of their respective countries. [Text] [Beijing Domestic Service in Mandarin 0200 GMT 11 Jul 86 OW]

XINHUA CORRECTION TO WANG ZHEN TITLE

The following correcion to the item headlined "'Political Bureau' Member Wang Zhen Writes Inscription," published in the 16 July China DAILY REPORT on page K 1, is supplied by XINHUA Domestic Service in Chinese at 1458 GMT on 16 July:

Paragraph one, from last line, reads: ...Stadium. (new graph) Wang Zhen, vice chairman of the Central Advisory Commission, inscribed the name... (correcting Wang Zhen title, deleting editorial notation)

CULTURE MINISTRY CHANGES DETAILED FOR OFFICIALS

OW162136 Beijing XINHUA in English 1426 GMT 16 Jul 86

[Text] Beijing, July 16 (XINHUA) -- Leading officials of China's Culture Ministry increasingly will concentrate on investigations and study, broad policymaking and development of laws that will help the arts, new Vice-Minister Gao Zhanxiang said here today.

At the same time, the ministry will streamline its administrative processes and let artists and writers have more say in the government's handling of their work, he told a national workshop of culture officials, the first since the recent reshuffling of the ministry's leadership.

Gao quoted Mao Zedong, late chairman of the Chinese Communist Party, as saying that every leadership group should study the situations they face while having a good grasp of current policies.

"For those of us in leadership positions," he said, "that means we must concentrate on the change in the role of government institutions in the country's current reform drive" -- which calls for more autonomy and responsibility for individual units. "Otherwise, we will be tied up by routine work and fail to do our duties as well," he said.

Gao suggested that leaders would "do a better job" if they "relied more on think tanks to analyze situations and propose policies and outline arguments for and against alternative actions."

During the seven-day workshop, which ended today, more than 80 culture officials from thoughout China discussed eliminating some of China's visual and performing arts groups, which, according to ministry sources, number more than 3,000 and employ more than one million people.

"Cutting down the number of the groups and improving their management is an urgent task," a ministry official told XINHUA today.

"Total funds for the groups will remain constant," the official said, "the goal is to have a smaller number of groups with better funding."

At the same time, adequate arrangements would be made to transfer people in discontinued groups to other work, according to the official.

WANG MENG, ZHU HOUZE ADDRESS CULTURAL CONFERENCE

OW170449 Beijing XINHUA Domestic Service in Chinese 1241 GMT 16 Jul 86

[By Central People's Broadcasting Station reporter Zhang Xin and XINHUA reporter Li Guangru]

[Text] Beijing, 16 Jul (XINHUA) -- Speaking in the National Conference of Directors of Cultural Departments (Bureaus), Culture Minister Wang Meng said that this is the best period cultural and art work as seen since the funding of new China, and our strategic guiding thought should be to strive for the long and stable development of cultural and art.

In the National Conference of Directors of Cultural Departments (Bureaus), held by the Ministry of Culture, the participants held serious discussions on questions, including what should be done for the million literary and art workers to bring their role into play and how to improve their quality, and exchanged experiences of performing art groups carrying out reforms.

Speaking about the current situation in literary and art work, Wang Meng said: The situation has become dynamic for art creation and theoretical study since the spring of this year. Contention between different views, styles, and schools of thought is going on in a normal manner, and the efforts at various probes and creations are enjoying protection and support, while being provided with appropriate guidance. An atmosphere of mutual understanding, trust, and respect is emerging in literary and art circles.

Wang Meng said in his speech that striving for a long and stable development of China's literary and art work should be the strategic guiding thought, and that the principles and policies laid down by the party and government for literary and art work in the new period should be comprehensively and accurately understood and implemented. He said: Since the end of 1978, our policy on literature and art has become mature, stable, and consistent. Of course, there have been unstable factors in an overall picture of stability. But this should not obstruct the forming of a comprehensive conclusion about the situation. Our literary and art policy is an inseparable whole, and we must guard against the practice of each sticking to his own interpretation and taking what he needs. I have offered advice to foreign reporters by telling them not to view China's literary and art situation in the same way they do the stock market in Hong Kong.

Regarding differences and arguments emerging in current activities in the fields of literary and art theoretical study and art creation, Wang Meng felt that they are a normal phenomenon. He said: Only differences and arguments can inspire people to explore and pursue. It would not be conductive to creating an open and harmonious environment by adopting an overbearing, oversensitive attitude to different viewpoints.

Wang Meng stands for promoting literary and art structural reforms with firm resolve and prudence, and improving the quality of the ranks of literary and art workers. He said: In the process of literary and art production, it is necessary to do a good job in handling the relation between the law governing literature and art, the law governing the economy, and the law governing ideological and political work and, at the same time, improving relations between government departments, performing art groups, and artists.

He emphasized that literary and art workers should satisfy the people's cultural life needs with consummate works. For this reason, improving the quality of literature and art should be the central task in the development of the cause of literature and art.

The 7-day National Conference of Directors of Cultural Departments (Bureaus) ended today in Beijing. Gao Zhanxiang, executive vice minister of the Ministry of Culture, made a summing up report. He said: Literary and art circles must resolutely take the road of reform. It is necessary to have a correct attitude to the problems cropping up in the course of reform and be fair to those comrades who are sincere in carrying out reform, but have made mistakes. Faults should be tolerated, because reform is a completely new endeavor, never before undertaken. The important thing is to learn from experience and constantly bring the policy to perfection, to effect a sound and in-depth development in reform. Gao Zhanxiang said: To meet the needs of the new situation, the functions of the Ministry of Culture will undergo changes. The ministry will shift the focus of its work to investigation and study, providing macroeconomic guidance, and making policy decisions. The major functions of the Ministry of Culture from now on will be to give guidance, draw up plans, institute laws, make overall arrangements, render services and exercise supervision over the nation's literary and art work.

Zhu Houze, director of the Propaganda Department of the CPC Central Committee, delivered a speech to the conference while it was in session.

ZHU HOUZE CALLS FOR IMPROVED CULTURAL LIFE

OW161433 Beijing XINHUA in English 1409 GMT 16 Jul 86

[Text] Beijing, July 16 (XINHUA) -- To promote its seven-year-old reform drive, China must "improve the cultural life of the entire nation," according to Zhu Houze, head of the Propaganda Department of the Communist Party's Central Committee.

In remarks released today, Zhu criticized past government and party interference in literature and art. "Few of these efforts were helpful," he told participants in a session earlier this week of a national workshop of culture officials. "Don't make hasty conclusions about dissension or ideas that break with tradition," he said.

Zhu called for flexible cultural leadership. "Rigid things are easy to break," he said. "Elastic things can resist shocks. And there are always shocks in social life."

He said efforts to explore new cultural forms and for creation should be supported. Otherwise, he added, "society cannot develop, let alone its culture."

For that reason, he argued, it is in the national interest to be "tolerant of different views and to be generous toward those who hold them." This will "help create a more harmonious environment for cultural development," he said.

The party leader said competition between cultural workers should be encouraged. "It's a pity that we failed to do a good job in this respect in the past," he said. "Perhaps it was the fault of the traditional Chinese doctrine that praised the mean and discouraged people from wanting to do anything distinctive."

Discussing the relation between Chinese cultural tradition and foreign culture, Zhu criticized both a nihilist attitude towards national tradition and failure to see that "in some areas China has lagged behind."

He proposed comparing Chinese culture with contemporary culture abroad and "trying to catch up with the most advanced levels in the world."

At the same time, he said, "we should review our cultural values and see which still ring true and which should be abandoned."

Culture officials in the party and the government "need to rethink just what the state of the country's culture is and how it relates to Chinese history and the work of the party and the people's government," he said. "This would be good for the steady development we hope for over the long term."

After all, he told the officials, "the 'Cultural Revolution' has been over for ten years, and it is 30 years since the party adopted the policy of 'letting a hundred flowers bloom and letting a hundred schools of thought contend.'"

WANG MENG INTERVIEWED ON CULTURAL SITUATION

HK161344 Beijing RENMIN RIBAO in Chinese 13 Jul 86 p 3

[Article by XINHUA reporter Guo Lingchun, exclusive to RENMIN RIBAO: "Cultural development Needs a Steady Policy -- Interview With Newly-appointed Minister of Culture Wang Meng"]

[Excerpts] Wang Meng appeared in front of the reporters not as a writer but as minister of culture. The office of the minister of culture, almost one quarter of which was occupied by the minister's desk, was filled with cigarette smoke left behind by the previous batch of visitors. Here, newly-appointed Minister of Culture Wang Meng will plan "a project of vital and lasting importance," which will push forward China's developing cultural cause.

When talking about his plan, the 52-year-old new minister skillfully knew how to take the bull by the horns. He first stressed that the long-term cultural development needs a steady policy and a steady environment. Wang meng, who became a "young Bolshevik" on the eve of liberation and later experienced both tranquillity and turbulence together with the People's Republic, now thought that "we are living in one of the periods characterized by stability and vitality seen since the founding of the PRC."

Under normal circumstances, it is easy to maintain stability. However, once a controversy takes place and erroneous opinions and literary works with defects come out, is it still possible to maintain a stable situation? [paragraph continues]

His answer was: Under such circumstances, it is necessary to lay more stress on maintaining stability. In the literature and art circles, there was once such a phenomenon: Whenver diversions occurred, people just simply re-explained the policies, or just stressed one side of the policies one day and the other side of the policies another day. Wang Meng stated his views on this frankly by saying: "To combine implementing policies in a steady way with solving problems in a practical and realistic way is just the responsbility of people like us." [passage omitted]

Stability itself consists of making culture contribute to the building of modernization. In this office of less than 16 cubic meters, Wang Meng has begun to "implement" the blueprint of China's cultural cause -- the construction of cultural facilities, literary and art creation, plays and operas, and the relevant systems, laws, and regulations. We should acknowledge that the present situation of the cultural construction does not conform to the overall situation of the socialist construction cause of our country. For nearly 37 years, we have not had a decent state theater and a state art museum to collect excellent traditional and modern cultural products. "We should strengthen construction in this respect," said Wang Meng with an affirmative tone. However, since our country is not a rich one, we should walk steadily forward. At the same time, we should also formulate all kinds of strict rules and regulations concerning the protection of culture and so on and make efforts to solve the complicated routine problems one by one. Now, a feasible long-range plan has been formed in Wang Meng's mind.

Prior to becoming minister of culture, Wang Meng had already carried out some investigations. His secretary disclosed to the reporters that prior to becoming minister of culture, Wang Meng had received a number of figures of the literature and art circles; frequently watched various types of performances; visited the art academies, art ensembles, and art schools directly under the Ministry of Culture; and carried out investigations and research in the cultural relics museum and the cultural relics institute of Qufu County and on the construction site of a certain cultural institution in Jinan.

Thus, the new minister of culture now has the right to speak.

"The number of people in the art performance organizations is enormous," said Wang Meng, referring to the situation in his "own" ministry: Most of these art performance organizations are now still following the old system. Over the past few years, owing to the lack of leadership and administration, both the quality of performances and the standard of art organizations have deteriorated. So, "under such circumstances, it is imperative to carry out reforms." Wang Meng thought that the art cause cannot ignore the role of the economic lever. However, at the same time, the art cause should take into consideration its own peculiar law. Sometimes, the two do not necessarily conform with each other because art performances representing the highest level of artistic achievement in the country are not necessarily the most money-making ones. Taking symphony as an example, almost no country in the world can earn a profit from symphonic performances. The existence and development of such kind of art require people with loft ideals to devote their wisdom and talents.

No doubt, the state will support the development of such kinds of art organizations. However, the method of protecting art in name but implementing protectionism and protecting unwieldy organizations in deed is also opposed by Wang Meng. [passage omitted]

RENMIN RIBAO ON SUN YAT-SEN THOUGHT SYMPOSIUM

HK160755 Beijing RENMIN RIBAO in Chinese 11 Jul 86 p 5

["Academic Trends" column by Zhou Liaogang: "Roundup on Symposium on Sun Yat-sen's Philosophical Thinking" -- capitalized passages published in boldface]

[Text] To mark the 120th anniversary of Sun Yat-sen's birth, the Guangdong Society of Philosophy, the Guangdong Society of Sun Yat-sen Studies, the Guangzhou City Research Institute of Social Sciences, the Philosophy Department of Sun Yat-sen University, the Philosophy Department of the Chinese People's University, and the Zhongshan City Society of Sun Yat-sen Studies jointly sponsored a symposium on Sun Yat-sen's philosophical thinking held at Sun Yat-sen University. The participants in the symposium had a lively discussion on the nature of Sun Yat-sen's philosophical thinking and its place in history.

ON THE NATURE OF SUN YAT-SEN'S PHILOSOPHICAL THINKING. While some comrades held to their view that Sun Yat-sen's philosophy is a kind of mechanical or evolutionist materialism, some new points of view were put forth at the symposium. Some people held that Sun Yat-sen's philosophy is a kind of incomplete materialism characterized by a dialectical mode of thinking. His philosophy was built on the basis of modern development of natural sciences, such as the theory of evolution, cytology, the law of conservation and conversion of energy, the discovery of the possibility of reciprocal conversion between organic and inorganic substances, and the discovery of radioactive elements. Its basis was a little bit more advanced than that of dialectic materialism. During that period, one of the focal points of the struggle in the field of philosophy is the struggle against metaphysics. For example, the Movement for Constitutional Reform and Modernization opposed the ruling faction's "Theory of No Change"; the Revolution of 1911 criticized the vulgar evolutionism advocated by the reformists; in addition, the ever developing naive materialist dialectics were a heritage of China. Therefore, although Sun Yat-sen's philosophy has not attained the heights of dialectic materialism in such aspects as ontology, the theory of knowledge, and the view on development, it contains rather rich ingredients of materialist dialectics. Other comrades held that Sun Yat-sen's philosophy is a kind of materialism in transition to dialectic materialilsm. They said: Sun Yat-sen's philosophy is not an independent entity. It is neither mechanical materialism nor dialectic materialism but an interim materialism which is partly mechanical materialism and partly dialectic materialism.

ON THE PLACE OF SUN YAT-SEN'S PHILOSOPHY IN HISTORY. There is a view holding that Sun Yat-sen's philosophy is the comprehensive and systematic summary of the philosophy of the modern Chinese bourgeoisie which prepared the conditions for the rise of the Chinese proletariat's philosophy. Sun Yat-sen expounded the evolutionist materialist world outlook in a more complete form than those elaborations by Kang Youwei, Yan Fu, and Zhang Taiyan. [paragraph continues]

He negated the vulgar evolutionism in the fields of natural sciences, sociology, and the theory of knowledge, and emphasized the roles of "sudden change," "revolution," and the "phenomenon of latecomers surpassing old-timers" in the process of evolution, thus providing the theoretical basis for the bourgeois democratic revolution of the old type. In due course when such radical democrats as Li Dazhao turned into communists with a proletarian world outlook, Sun Yat-sen's philosophy played the role of a "pioneer" and "bridge." Another view holds that Sun Yat-sen's philosophy did not represent the highest philosophical level that the modern Chinese bourgeoisie attained, neither did it prepare any conditions for the rise of the Chinese proletariat's philosophy. One thing supporting this view is that the achievements demonstrated in the book "Sun Yat-sen's Theory (Spiritual Education)" which Sun Yat-sen published in 1919 did not go beyond the philosophical frontier that Zhang Taiyan had explored. More than 10 years before the publication of this book by Sun Yat-sen, Zhang Taiyan had already criticized the vulgar evolutionism, put forth the idea of "fusion" [ju bian 5112 6239], and introduced the concept of revolution into evolutionism, holding that revolution is a means to achieve social evolution. Moreover, Li Dazhao had already become a Marxist when this book by Sun Yat-sen was published. In 1918 Li Dazhao published several articles, including "Comparison Between the French and Russian Revolutions," "The Common People's Victory," and "The Bolshevik's Victory," to introduce the Russian October Revolution and Marxism-Leninsim. And, again, he published "My Marxist View" in 1919. Thus it can be seen that the role of Sun Yat-sen's philosophy as a "pioneer" and "bridge" is just out of the question. On the contrary, it was a philosophy which lagged behind the time.

LI PENG ARTICLE ON EDUCATIONAL REFORM

HK161206 Beijing RENMIN RIBAO in Chinese 13 Jul 86 p 5

[Article by Li Peng: "Certain Questions Concerning Reform and Development of Higher Education (Excerpts)"]

[Text] Since the promulgation last year of the decision of the CPC Central Committee on reform of the educational system, gratifying changes have taken place on the educational front. The situation is very good. In recent years, higher education has been developing rapidly, and the reform of higher education has made certain headway. However, since the actual work of reform of the educational system is just in the initial stage, there are quite a few shortcomings and problems. We must have a clear understanding of this and make concrete efforts to solve these problems.

1. Restructure Higher Education, Improve Educational Quality

In a period to come, in the work of higher education, we should stress improving the quality of existing schools, so as to achieve more substantial results in all higher education. At present, we must concentrate our efforts on running the existing schools well. Generally speaking, we must not encourage opening more new schools. To ensure that the number of students will greatly increase during the period of the Seventh 5-Year Plan, we must mainly rely on the development of the existing schools and rationally extend their scope. At the same time, we must pay more attention to readjusting the makeup and distribution and improving the quality of higher education.

An important matter for readjusting the makeup of higher education is that there should be a rational division of work among universities and colleges in light of the different needs for people of ability in society. According to foreign experiences and China's realities, universities and colleges can generally be divided into three types: 1) A small number of schools that are comparatively good in teaching and scientific research. Apart from undergraduates, they also train students studying for doctor's and master's degrees. They will gradually become the centers of education and scientific research responsible for the training of high-level talent. 2) A large number of schools that mainly offer undergraduate courses. They are also required to carry out scientific research and academic activities, especially research in applied sciences, in order to improve educational quality. They must also render scientific and technological services. 3) All kinds of professional training schools. They must take teaching as their main task and enable the students to possess both professional knowledge and technical skills. The three types of schools are different in the division of work and the training of personnel. However, they are all very important and indispensable. In short, higher education is resonsible for training various levels of personnel in accordance with the needs of society and in a rational proportion. All schools must give play to their strong points in light of their tasks and make continuous efforts to improve educational quality so that they may become outstanding schools of various types.

Under China's existing conditions, we must walk on both legs in developing higher education. While running well ordinary full-time schools, we must also vigorously develop broadcast, television, correspondence, sparetime, and night schools and offer examinations for self-taught students. If conditions allow, ordinary full-time schools must recruit more students for their correspondence and night schools. We must attach importance to developing TV education. With the progress of science and technology, TV education will gradually become an important means for the training of personnel. TV universities must recruit not only people who are working at their posts, but must also recruit graduating senior middle school students. The system of students studying at their own expense and no job assignement after graduation must be adopted so that more professional workers may be trained through this channel.

2. Reform the Enrollment Plan and the Assignment System for Graduates, Enhance the Administrative Power of Universities and Colleges

In the sphere of higher education, we must mainly grasp the following reforms this year:

The reform of the enrollment plan and the assignment system for graduates was started last year. It should be perfected this year on the basis of summing up experiences. The reform of the grant-in-aid system, which concerns the immediate interests of the students, should be carried out with caution. An experiment in this respect will be made in some selected schools and for certain professions this year in order to get some experiences, so that it may be gradually popularized later.

It is necessary to improve the enrollment and training systems for postgraduate students. In the future, in light of the different requirements of different professions, postgraduate students may be recruited either from graduating university and college students or from those who are working at their posts and who have some practical experiences, especially those who are working in fields such as the social sciences, finance, and engineering. [paragraph continues]

It is necessary to gradually reform and improve the methods for training postgraduates. Topics for the students' theses must fit in with the needs of socialist construction. It is necessary for the postgraduates to study basic courses, but there should not be too many such courses and the period for this study should not be too long. It is necessary to find more and more channels for the training of doctors so that people who are working at their posts and who have accumulated rich experiences in their long-term practice can also have the opportunity to attain this academic degree. We can also confer some new academic degrees, such as "Doctor of Engineering" and "Doctor of Clinical Medicine," so as to open up new channels for high-level practical workers to attain this academic degree.

In order to enhance the ability of universities and colleges to suit the needs of economic and social development, it is necessary to extend their administrative power while strengthening and improving their macromanagement. The State Council has promulgated the "Temporary Provisions on Duties of Higher Educational Management." This is a concrete measure for implementing the "Decision of the CPC Central Committee on Reform of the Educational System." The main spirit of these "Provisions" is to grant universities and colleges more decision-making power in school administration so that they can make bold explorations and gradually accumulate a series of experiences in light of their concrete situations and in various fields of their work, such as the reform of teaching materials, teaching methods, management over the students and scientific research, and rear-service work.

3. Improve and Strengthen the Work Concerning Selecting and Sending Students To Study Abroad and Their Management

Over the past few years, China has sent large numbers of students to study in other countries and has made marked achievements in absorbing advanced science and technology and management experiences from abroad. Most Chinese students studying abroad love their socialist motherland. They are studying hard and doing exceedingly well in their studies. Quite a few of them have made creative achievements in scientific research, winning honor for their motherland. The returned students have rendered outstanding contributions to our socialist modernization. Many have become the core members of various grades and professions and have been playing a leading role in various educational and research units. Practice shows that sending students to study abroad through various channels completely conforms to China's policy of opening up to the outside world and the needs of the four modernizations drive. We must continue to do so in a long period to come.

Of course, there are also some problems in the selection, sending, and management of students studying abroad. The main problems are that the plan for sending students abroad is not closely linked with the needs of our national construction and the system for management over students studying abroad is still imperfect. We must sum up our experiences and adopt effective policies and measures to solve these problems. We must further understand that the work of sending students abroad must proceed from China's realities and be closely linked with the needs of our production, construction, scientific research, and personnel training, so that it can help solve our problems in production and scientific research and enhance our ability of training people with advanced professional skill. [paragraph continues]

In this work, we must manage to act in accordance with the following principles: Send students abroad in light of our needs and ensure the quality of the students, who are required to study for the purpose of application; endeavor to create conditions for the returned students to apply what they have learned so that they can give play to their roles and contribute to the construction of their motherland with ease of mind.

We must strengthen ideological and political work as well as education in patriotism and communist morality among students studying abroad so that they can make up their minds to pioneer a great cause through arduous efforts and to study hard for the rejuvenation of China, and so that they can return to our country as soon as they finish their courses to participate in our national construction. We must make proper arrangements for the work of returned students in accordance with the principle of applying what they have learned. Besides, we must also help them acquire knowledge of the latest development of our internal situation, our tasks, and the party's policies and principles and encourage them to learn from the older generation of returned students their spirit of building our country through arduous efforts, so that they may work hard in their units and create conditions for their work.

To study abroad at one's own expense is another channel for training professional personnel and should be encouraged. We must show concern for and treat equally both the students studying abroad at their own expense and those sent by the state, without discrimination in their life and work.

4. Strengthen and Improve Ideological and Political Work in Universities and Colleges.

In universities and colleges, strengthening ideological and political work is an expression of implementing the educational policy of enabling the students to develop morally, intellectually, and physically, and an important content of moral education. Our purpose is to train professional personnel who have ideals, morality, cultural knowledge, and a sense of discipline and who have the communist consciousness and moral character and the spirit of serving the people and devoting themselves to the four modernizations. To attain this purpose, we must strengthen moral education and ideological and political work.

We are now in a new situation of overall reform. The main task for ideological and political work in universities and colleges is to work efficiently around the central task of the four modernizations and various reforms, especially the educational reform, to help the students as well as the teachers and staff members correctly analyze the situation, understand the party's policies and principles, distinguish between right and wrong, and conscientiously resist all kinds of erroneous trends, so as to guide their thinking and action onto the track of fulfilling the general target of building socialism with distinctive Chinese characteristics.

Our universities and colleges are of socialist nature. They should create for the students and teachers a political environment and academic atmosphere characterized by a high degree of civilization and democracy. The CPC committees of these schools must make their positions known to all in the political and ideological fields, so that people can know what they support and what they oppose. [paragraph continues]

But they must adopt methods in their work. On the question concerning people's understanding, we must not adopt simple methods and the methods of coercion and prohibition. In the contrary, we must encourage and allow young students to think and to explore, while keeping themselves within the bounds of discipline. The leaders and political work cadres must cherish the initiative of the students and treat them as equals and must be open-hearted, convince people by reasoning, and touch people by warm feelings.

In order to strengthen ideological and political work in universities and colleges, it is necessary to establish and perfect the contingent of political cadres there. We must have both full-time and part-time political cadres. We must select cadres from among the outstanding teachers and students who have both ability and political integrity. This is not only conductive to maintainging close ties with the masses but also to combining ideological work with professional work. Ideological and political work is also a subject for study, and the political cadres are also a part of the contingent of teachers. We must invite them to engage in relevant teaching work so as to stablize and develop this contingent. Teachers are responsible for both imparting knowledge and educating people. Not only should they impart their knowledge to the students, but also they should set a good example for the students and exert an imperceptible influence on them in the education in morality and consciousness. This is a basic requirement set by our party and state for the teachers.

Reform must be carried out in the content and teaching method for political and theoretical lessions. The content of political lessons can be extended, and education in the political situation and policies should be included in the teaching program. To carry out education in light of the practical problems in which the students are most interested is a vivid method of marxist education. It is necessary for leading cadres at all levels to go to schools to give lectures and hold forums. This should become a regular system and should be carried out for a long time. Education in Marxist theories is of great significance to the formation of a correct outlook on life. We must enable the students to grasp the basic knowledge as well as the stand, viewpoint, and method of Marxism. To this end, we must change the spoon-feeding way of teaching and encourage the elicitation method.

The Seventh 5-Year Plan is a period of key importance for our country in carrying out reform of the educational system and developing higher education. Our tasks are very heavy and arduous. The reform is just in the initial stage. The broad masses of teachers and leading cadres on the higher educational front must give play to their spirit of exploration and carry out the reform boldly so as to blaze a new trail in promoting Chinese-style higher education suiting our reform of the economic structure and scientific and technological system.

LEADERS URGED TO AVOID COMPLACENCY, HEED CRITICISM

HK160835 Beijing RENMIN RIBAO in Chinese 14 Jul 86 p 1

[Commentator's article: "Self-Consciousness and Social Recognition -- Third Commentary on Rectifying the Unhealthy Trend of a Trade"]

[Text] In the course of rectifying unhealthy trends in various trades, some trade leaders often indulge in self-satisfaction. [paragraph continues]

They tend to conclude that the work of correcting unhealthy trends in their trades has been effectively completed, once they see that the party committees have held some relevant meetings, have adopted some measures, and have issued some instructions to the grass-roots units, or have received some commendatory letters from the public. If they become self-satisfied just because they see such statistical data rather than the actual problems being settled, their feelings are not quite realistic. In the eyes of the masses, they may appear to self-glorifying.

Whether the general conduct of workers in a trade is good and whether any irregular practice in a trade has been effectively checked should be not be judged merely by the trade leaders' personal feelings. There is an objective criterion for judging such things — social recognition. Satisfactory work and services of a trade should be recognized by society rather than by trade leaders' personal feelings.

Some people may say that it is too hard to seek social recognition, because the work of a trade, a unit, or a worker is often simultaneously criticized and praised by different people. Then, how can a definite conclusion be reached? Indeed, it is never easy for a trade, especially a service trade, to win unanimous praise for the public. A unit which does a good job may also make some errors and may be criticized by the customers. Conversely, some units whose service quality is inferior may also win ome customers' praise as there are also some positive factors in these backward units. However, this does not mean that there is no objective criterion for judging the service quality of a trade. People often measure the work of a unit with their eyes and compare the services offered by one unit with those of another. At present, in the course of rectifying the unhealthy trend of a trade, there are no obvious differences in customers' evaluation of the work of some service trades. The problem is that the personal feelings of some trade leaders are far different for public opinion. In some trades where the general conduct of the workers is not so good, the trade leaders even feel satisfied with the state of things. They too readily give credence to the reports from their subordinate units which often hold back unpleasant information. They too easily become intoxicated with praise and compliments from leaders of other trades and simply rest content with their limited achievements. They lay too much stress on the results of such formalist activities as comparison, appraisal, and inspection, but they do not accept any sharp criticisms from the public and do not face squarely the serious problems in their trades. As a result, the masses are airing their grivances outside, but the responsible people are praising each other inside. The story about "Zou Ji's Expostulation With the King of Qi" is well-known to everyone. As this story shows, a person should have self-knowledge and should objectively judge his or her prettiness or ugliness. The subjective opinion of people who are close to him or who try to find favor with him should not be taken for granted. The only objective appraisal is public opinion. If the above-mentioned trade leaders had self-knowledge like Zou Ji, they would not be so complacent.

Now many units in various service trades have set up "social supervision posts" or installed "social supervision telephones," This is an effective method to overcome the unrealistic feelings of self-satisfaction. At the same time, we also suggest that those leading comrades who are complacent about the work of their trades go out of their offices to sound out the public feelings and to listen to the people's voice. [paragraph continues]

They may also gain some personal experience by buying goods at a shop, subscribing to magazines at a post office, staying at a hotel, travelling by train, bus, plane, or ship, seeking medical treatment at a hospital, or seeing a film at a cinema like an ordinary person so that they may find out how customers in their trades are treated and may have a clearer idea and more realistic feelings after viewing things from the angle of an "onlooker." This will help them to find out more about the real state of the unhealthy things in their trades and promote them to take resolute action tc check the unhealthy trend.

RENMIN RIBAO COMMENTATOR EMPHASIZES WORK EFFICIENCY

HK170057 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 15 Jul 86 p 2

[Commentator's article: "Efficiency Should Be Stressed in All Work"]

[Text] At a 8,000-strong rally held in January this year, Comrade Hu Yaobang talked of the leading role of the central organs. The first requirement he set on these organs was the "enhancement of efficiency." In the past 6 months, this requirment has become a self-requirement and conscious action among more and more organs and cadres. A new drive in which people bravely overcome bureaucracy and make every effort to raise working efficiency is taking shape.

However, some localities have made no move so far. Cadres and masses at the grass-roots level there keep on complaining of the practice of evading responsibilities, the dilatory style of work, and disputes over trifles; those who are on a business trip continue to be annoyed for the bureaucracy and the "phlegmatic temperament" shown by the officers of many units they are dealing with; and foreign friends who have come to China on the mission of economic and technological exchange continue to be surprised by the extraodinary poor efficiency of some organizations.

Indeed, various bureaucratic practices charactizerized by a dilatory style and poor efficiency still have hardly been changed in certain units -- people are involved in frequent meetings without taking any real action; document are passed from one unit to another without resulting in any definite decision; protracted discussion leads to no resolution, and adopted resolutions are not implemented; some things which in fact can be accomplished within one day are always delayed for several days; some people always refuse to make decisions on something which they are in charge of but shift the responsibility onto others, remaining indifferent to some important things that the masses are seriously concerned about...Some people fail to grasp the real meaning of the slogan -- "time is money and efficiency is the lifeblood" -- although it is familiar to their ears. They are just unaware of their poor efficiency and dilatory style, staying idel all day long without achieving anything. Such an apathetic attitude toward poor effieciency is even more worrying than the poor efficiency itself. We indeed need to give them a loud shout: Hey, comrades, it is time to wake up!

The modernization process is calling for high efficiency, the refoprm is calling for high efficiency, and the drive to further rectify party style is calling for high efficiency too. Nowadays a vast number of workers, peasants, and intellectuals are attaching greater and greater importance to efficiency, and there are more and more comrades in the leading organizations at all levels calling for the enhancement of efficiency. [paragaph continues]

However, some of our comrades, especially those who are holding leading posts, remain indifferent to this appeal. Their attitude cannot but serve to slow down the development of our cause as a whole. The society is an organic whole. The reform has showed increasingly clearly that no success can be achieved with only a small number of enterprises and organs engaging in the reform and stressing efficiency. To fulfill our goal all enterprises and organs must make concerted efforts to push forward the reform and raise efficiency. The most important point is that the leading and commanding organs must take the lead in raising efficiency. Otherwise, the whole situation will be affected by these organs acting as the stumbling blocks.

In order to overcome bureaucracy and raise efficiency, the step of prime importance is to reform the old structure that hampers rapid development in various fields. But, the structural reform cannot possibly be completed within a short time. What is more, everything still has to be done by people even if a good structure and a good system are available. Therefore, from now on we must take the initiative in overcoming all bureaucratic ideas and style. We must resolutely get rid of the overlord mentality characterized by indifference toward the cause of the partry and the people and cultivate a high sense of responsibility for the cause of the party and the people. We must break away from the small producers' outmoded passive concept and individualistic aversion to discipline and attach great importance to time, efficiency, and economic results. To be sure, no movement like the "Great Leap Forward" which violates the law governing the developments of things will be launched again. However, we must seek high efficiency that can meet the needs of the development of things. Without high efficiency, there will be no modernization. Without high efficiency, there will be no bright and splendid future of the Chinese nation. Every man who wants to be involved in the reform and the four modernizations will necessarily be a man who is enthusiastic in raising efficiency.

Raising effiency is an important part and a target of the reform. One can never raise efficiency without overcoming any obstacle and carrying out any struggle. Every Communist Party member should play an exemplary role in not only observing discipline and law and working hard but also in bravely criticizing and fighting against bureaucracy. Also, our leading cadres at all levels should welcome and encourage the masses to criticize, accept their criticism with an open mind, be eager to overcome bureaucracy, and be the pioneers in raising efficiency. Now that Communist Party members and leading cadres at many organs have set good examples, we believe that more Communist Party members and leading cadres are bound to follow them.

HONGQI URGES NEW CADRES TO ACCEPT WORK AT ALL LEVELS

HK160905 Beijing XINHUA Hong Kong Service in Chinese 0239 GMT 16 Jul 86

[Report: "HONGQI Commentator's Article Stresses That China's New Cadres Should Also Be Ready To work at Both Higher and Lower Posts" -- XINHUA headline]

[Text] Beijing, 16 Jul (XINHUA) -- The latest issue of HONGQI published today says in a commentator's article that through reform, a regulation should be laid down in the whole country: Cadres in all age groups must be ready to work at both higher and lower posts, and there should be no lifelong tenure of office.

The article says: Cadres being able to work at both higher and lower posts represents a major reform in China's cadre system. Without adopting this reform measure, it will be hard for China's economic structural reform to develop in depth.

Since 1982, hundreds of thousands of young and middle-aged cadres have been promoted to leading posts at and above the county and bureau level. These new cadres should use their specific action to implement the principle of cadres being able to work at both higher and lower posts. We should not think that once a cadre is promoted to a leading post, he will definitely hold the post until he reaches 60 years old, no matter whether he is competent or not. Now, most peope's wages are composed of a number of parts with the part determined by their work position as the main body. All incumbent cadres must observe this regulation: They should take the wage appropriate to their posts so as to change the convention of cadres enjoying lifelong high pay throughout their lives.

The article stresses that cadres who have been proved incompetent in the leading posts they hold should be resolutely removed to other post most suited to them. The leading departments should do so as soon as possible. Experts, scholars, and professional cadres who are not suited to party and administrative work, should be transferred to the leading posts of relevant departments which can bring their strong points into play. Experts with profound attainments should be allowed to concentrate on their professional work according to their own will. Cadres who are involved in serious irregularities should be resolutely dismissed from office.

The article entitled "Newly Promoted Cadres Should Be Ready To Work at Both Higher and Lower Posts" says that in China, it shoud be advocated that not only incompetent cadres should be removed, but competent cadres should also be changed regularly so as to make way for more capable and suitable people. That is, leading cadres should be changed regularly.

CHEN MUHAU REVIEWS BANK'S PROGRESS, GIVES GOALS

OW160355 Beijing XINHUA Domestic Service in Chinese 1353 GMT 15 Jul 86

[By reporter Chen Yun]

[Text] Beijing, 15 Jul (XINHUA) -- Addressing a national meeting of branch directors of the Agricultural Bank today, Chen Muhua, state councillor and president of the People's Bank of China, said that the bank has played an important role as a lever in improving the current economy. However, she noted, the shortage of funds has basically remained unsolved. Therefore, in the second half of this year, the bank should strive to promote steady improvement in the national economy by lending support to the achievement of an appropriate economic growth rate, while seeking a balance between credit and loans.

Chen Muhua described noteable achievements in the following six fields as a result of macroeconomic banking measures taken since the beginning of this year:

First, more cash has been withdrawn from circulation than in previous years. In the first 6 months of this year, 6.5 billion yuan more was withdrawn than in the same period last year.

Second, savings deposits have continued to rise at a relatively fast pace. In the first half of this year, the aggregate increase in rural and urban savings deposits was over 30 billion yuan, topping the same period last year by 47.5 percent. By the end of June total rural and urban saving deposits had already reached 192.6 billion yuan.

Third, the demand for circulating funds has been basically met. In order to alleviate the strain on circulating funds, which temporarily appeared earlier this year, the People's Bank lent support to the production of readily marketable goods and export commodities, and to the operations and material supply of energy, communications, and the raw and semi-finished materials industries, assisted enterprises to repay long-standing loans, and issued additional loans to new enterprises to meet their needs for circulating funds.

Fourth, the structure of agricultural loans has been rationalized to support the development of farming and agriculture. In the first half of this year, agricultural banks and credit cooperatives in various localities adopted a policy regarding loans for different areas and trades, and gave preferential treatment and issued more loans than last year to farming and agriculture, grain production in particular. Loans for village and town enterprises also increased, except for those used for installing equipment. Loans for impoverished areas also increased by a relatively big margin, to exceed 1 billion yuan in the first half of this year, according to statistics from 26 branch banks.

Fifth, loans for fixed assets have grown at a moderate rate

Sixth, the foreign exchange balance has somewhat increased as a result of active efforts to increase exports and limit imports.

Chen Muhua said: The current noteworthy issues are: The growth or industrial loans and industrial production is uneven, more enterprises are defaulting repayment of loans, and banks are not flexible enough in extending loans.

Chen Muhua said: Since the demand for capital is still very great in various economic sectors, banking operations during the second half of the year should be: Taking active steps to raise more capital, placing the overall size of capital construction under strict control, handling circulating funds according to the different situation in indivudual cases, and adopting more flesible measures for extending loans.

Chen Muhaua said: Capital management should stress work in the following five areas: 1) Encouraging savings. This calls for improving services, setting up more branches, and instituting various types of savings accounts. 2) Promoting postal savings services. The money obtained from such services should be reserved for use by the local People's Banks as short-term loans. 3) Extending more loans to be used a circulating funds on the basis of having attracted more savings. 4) An enterprise, new or expanded, should take positive measures to raise 30 percent of the circulating funds it needs for its operation. Should it have problems, our specialized banks may render it support by means of floating bonds or providing it special loans. 5) Providing discounts for the cashing of commercial notes to help enterprises liquidate delinquent payments, enliven the use of capital, and reduce cash input; and helping the relevant quarters and enterprises dispose of idle and overstocked commodities and curtail unreasonable credit.

Concerning capital use, Chen Muhua said that three principles should be adhered to:

1. Actively support what ought to be supported. This includes ensuring capital to purchase agricultural and sideline products; continuing to support production of export-oriented and marketable goods; providing favorable credits to enterprises which have actively carried out lateral economic ties with other regions and departments, have produced good economic returns, and are in need of circulating funds for expanding production; providing circulating funds for profitable rural enterprises whose products are marketable, and who have a good credit rating; and appropriately easing the terms in providing loans to impoverished areas. To stabilize supply, our banks should also give priority consideration to providing loans to wholesalers who need money for stockpiling a reasonable amount of goods.

2. Strictly control what should be controlled. Our banks should strictly control the size of capital construction and firmly reject loans for nonbudgeted construction projects not officially approved by the State Council. Nor should loans be extended to those unqualified enterprises whose products are unsalable, enterprises where no one will hold themselves accountable for losses, and enterprises which have misused their circulating funds for capital construction.

3. Earnestly improve what should be improved. In accordance with the requirements of a planned commodity economy, our banks should gradually improve their means for settling accounts, providing loans, and supervising operation, in order to keep up with needs.

DEMOCRATIC PARTIES END MEETINGS IN BEIJING

OW160559 Beijing XINHUA Domestic Service in Chinese 0711 GMT 15 Jul 86

[By reporter He Ping]

[Text] Beijing, 15 Jul (XINHUA) -- The fourth meeting of the Standing Committee of the Fourth Central Committee of the China Democratic National Construction Association and the fourth meeting of the Standing Committee of the Fifth Central Committee of the All-China Federation of Industry and Commerce ended here today. The meetings adopted resolutions on separate occasions, calling on organizations at all levels under the respective democratic parties to do a good job in admitting new members, in replacing the old leadership with the new and in creating a new situation in doing their work for their own party.

It has been reported that the number of new members admitted into the China Democratic National Construction Association since the beginning of last year accounted for 20 percent of the entire membership. Most of the new members are under 50, and 40 percent have received a college education. The majority are doing economic work and scientific and technical research. Many of them are factory directors, company managers, directors of research institutes, assistant professors, assistant researchers, economists, accountants, statisticians, and lecturers. In addition, the China Democratic National Construction Asociation had also set up some committees, branches, and teams in various cities and counties. Currently, it has a total of 209 local chapters. It has also gradually assigned new middle-aged and young cadres to work in its leading bodies at all levels.

At the same time, the All-China Federation of Industry and Commerce also admitted more than 2,800 members from various enterprises, over 40 Chinese-foreign joint ventures, enterprises with cooperative management, and enterprises with sole foreign investments as members. Currently, the work of admitting new members is still being carried out.

The two meetings had, on separate occasions, adopted a resolution to endorse the report submitted by the Central Committee of the China Democratic National Construction Association on the work of its leading group for new membership and another resolution to endorse the report submitted by the All-China Federation of Industry and Commerce on the work of its leading group for new membership. They had also adopted, on separate occasions, a resolution on the convocation of the Third Session of the Fourth Central Committee of the China Democratic National Construction Association and another resolution on the convocation of the Third Session of the Fifth Executive Committee of the All-China Federation of Industry and Commerce. At the same time, they announced personnel appointments and dismissals.

Attending the separate meetings were vice chairman of the Central Committee of the China Democratic National Construction Association Sun Xiaocun, Pu Jiexiu, Tang Yuanbing, Chen Suiheng, Chen Mingshan, Wan Guoquan, Feng Tiyun, and Huang Daneng; as well as Chairman Hu Ziang and vice chairmen Luo Shuzhang, Liu Jingi, Jiang Peilu, Xiong Yingdong, Huang Liangchen, and Sun Fuling of the All-China Federation of Industry and Commerce.

REFORM OF ENTERPRISE PARTY LEADERSHIP URGED

HK040760 Beijing GONGREN RIBAO in Chinese 27 Jun 86 p 1

[Commentator's article: "A Considerable Change Should Be Effected in the Party's Work in Enterprises"]

[Text] A considerable change should be effected in our party's work in enterprises. This is the enlightenment we should gain after reading the report carried in today's GONGREN RIBAO on how the party committee of Taoyang coalmine supported the factory director in exercising his powers.

The situation requires that a considerable change in our party's work in enterprises be effected. The reform of the enterprise leadership system is an imporant component of the reform of the urban economic structure. A key link in the reform of the economic structure during the Seventh 5-Year Plan period is to invigorate enterprises, large and medium-sized state enterprises in particular, so that they can truly become relatively independent economic entities and producers and operators of socialist commodity production that are independent and responsible for their own profits and losses. For this reason, we should reform the enterprise leadership system, separate party leadership from government administration and government administration from enterprise management, and implement the system of factory directors assuming sole responsiblity for production, operation, and administrative management. Party organizations in enterprises should shift the focus of their owrk to ensuring and exercising supervision over the implementation of the principles an policies of the party and state and doing a good job of the party's ideological and organizational construction and ideological and political work. [paragraph continues]

This is an essential link in the ongoing reform of China's economic structure. If we fail to carry out the reform and effect the change, it would be impossible to invigorate enterprises and attain better economic results. Consequently, it would adversely affect the reform of the urban economic structure as a whole.

By shifting the focus of the party's work in enterprises, it will serve to improve and strengthen rather than weaken party leadership. It has been a long-standing view of certain comrades engaged in enterprise party work that party leadership means exercising management over production and appointing and removing administrative personnel. Under the influence of such an idea, many comrades undertook all administrative affairs, but slackened their efforts on the work of party organizations. By shifting the focus of the party's work, leading cadres of enterprise party organs can extricate themselves from administrative affairs; put the stress of their work on vigorously supporting the factory director's activities, ensuring and exercising supervision over implementation of the principles and policies of the party and state, and doing a good job of the party's ideological and organizational building and ideological and political work in enterprises; and give full play to the ideological and political role of party leadership.

In order to shift the focus of the party's work, it is necessary to first effect an ideological change. The merging of party leadership and government administration and party leadership over everything (in actual life, such leadership also meant undertaking everything) took shape under certain historical conditions. Facts have proved that it is not suited to the development of a commodity economy or to economic invigoration and management of modern production. Therefore, reform is imperative. Experiments conducted in some state enterprises throughout the country since 1984 have produced fruitful results. The question now is that some comrades are used to the old practice and idea of party leadership over everything and lack understanding of the importance and necessity of the reform. This question must be resolved. Without an ideological change, it would be difficult to take moves consciously with pleasure. The comrades in charge of party committee work or other work in enterprises should study hard, keep in ideological unity with the principles and policies of the CPC Central Committee, resolutely discard the ideas of matching powers and one man having the say, put reform foremost, and make concerted efforts to appropriately reform the enterprise leadership system.

RAILROAD PASSENGER TRAFFIC SHOWS DECLINE

HK170245 Xian Shaanxi Provincial Service in Mandarin 0100 GMT 17 Jul 86

[Text] According to the ZHONGGUO XIBU KAIFA BAO [WEST CHINA DEVELOPMENT JOURNAL], average daily passenger volume on China's railroads in the first half of this year showed a decline of 400,000 compared with last year. There are four specific reasons for this: There has been a drop in the vast number of meetings and a corresponding drop in the number of cadres travelling by train to attend them; briefcase companies have folded; there has been a big development of road transport, with an increase in the number of passengers travelling by road; and prices of short-distance railroad tickets have been readjusted.

PLA TO INTRODUCE NONCOMMISSIONED OFFICER STATUS

OW041123 Beijing XINHUA in English 0707 GMT 4 Jul 86

[Text] Beijing, July 4 (XINHUA) -- The Chinese Army is for the first time to have noncommissioned officers, according to the general staff of the People's Liberation Army today.

A total of 76 administrative and technical posts such as company quartermaster and secretary, director of radio station and technicians of various kinds, jobs formerly done by Army officers will be taken assigned to noncommissioned officers. This reform is expected to be completed by the end of next year.

The People's Liberation Army has already set up two schools for noncommissioned officers and NCO training classes in 42 military academies and schools. Enrolment has started.

Candidates will be selected from male servicemen who have been in the Army for one year and have a good record. After studying in these schools, the noncommissioned officers will serve in the Army for 10 to 12 years, longer than junior Army officers, military officials said. They said that the NCO system was an important step in the reform of the Army's organization.

YU QIULI URGES AIR FORCE TO IMPROVE LEADERSHIP

OW120509 Beijing XINHUA Domestic Service in Chinese 1435 GMT 9 Jul 86

[Text] Beijing, 9 Jul (XINHUA) -- Yu Qiuli, deputy secretary general of the Central Military Commission and director of the General Political Department, spoke today at a forum held by the Air Force party committee on party rectification and improvement in party style. He encouraged the leading bodies at all levels and the cadres with party membership in the Air Force to set high standards for themselves, fully play an exemplary role, and do better work for the service in the course of improving party style.

Yu Qiuli said: The leading bodies of the Air Force have maintained and carried forward the good traditions and work style. The members of the leading bodies resolutely implement the instructions of the party Central Committee and the Central Military Commission, and set strict demands for themselves. They are in the prime of their lives, hardworking, modest, eager to learn, and vigorous. Under the leadership of the new leading bodies, the commanders and fighters of the Air Force are working hard, and the Air Force tasks have been comparatively well accomplished.

He urged all Air Force commanders and fighters, particularly leading cadres at all levels and the cadres with party membership, to do an even better job henceforth under the leadership of the party Central Committee and the Central Military Commission.

In consideration of the realities of the Air Force, Yu Qiuli put forward three concrete demands for the leading bodies at all levels to improve themselves:

1. Leading bodies at all levels should seriously implement the guidelines of the PLA meeting on party rectification and improvement in party style. Leading cadres should set high standards for themselves and conscientiously examine and correct any problems concerning party style. The leading bodies can surely better themselves if they improve party style and play an exemplary role. The party committee of the Air Force of the Jinan Military Region, adhering to principle and setting a good example in the course of improving party style, correctly conducted criticism and self-criticism and dared to deal with the problems of headquarters and troop units. As a result, the conduct and discipline of their troops are better than others. We should seriously sum up and popularize the experience of those units good in party style to help improve the party style of the leading bodies at all levels.

2. We should pay attention to ensuring unity between higher and lower levels and among personnel at the same level. Unity is the foundation of our work. The unity which we stress is based on the party's line, principles, and policies. It is particularly important for Air Force units to ensure unity, because they have a large number of personnel and deal with many other units. First of all we should ensure unity within the leading bodies at all levels. New and old members of a leading body should respect, help, and sincerely treat each other. They should adhere to principle in major issues and stress mutual understanding in minor ones. It is necessary to be broad-minded, respect others, and judge others more by their strong points. The party committee should uphold the system of democratic centralism. Secretaries and deputy secretaries should listen to opinions from all quarters, hold heart-to-heart talks with others, pool the wisdom of the masses, and arouse their enthusiasm. While ensuring internal unity, we should also achieve unity between ourselves and fraternal units and between ourselves and local governments.

3. We should enforce strict discipline in the Air Force and improve our work style. To enforce strict discipline, we should begin with the leading cadres and organs. Leading organs and cadres at all levels can surely promote good work style and strict discipline among the troops, if they set strict demands for themselves and set a good example in work style for the troops to follow.

YANG SHANGKUN ON IMPROVING PLA PARTY CONDUCT

OW121131 Beijing XINHUA Domestic Service in Chinese 1636 GMT 11 Jul 86

[Text] Beijing, 11 Jul (XINHUA) -- Addressing an enlarged meeting of the Beijing Military Region party committee today, Yang Shangkun, vice chairman of the Central Military Commission, stressed that party organizations at all levels and the vast numbers of party members in the military must continue to work hard to carry out the Central Military Commission's instruction that party organizations of the Armed Forces must fundamentally improve their conduct ahead of schedule so as to make due contributions toward improving party and social conduct.

Yang Shangkun said: During the plenary meeting of The Beijing Military Region party committee in December last year, the Central Military Commission expressed the hope that the Beijing Military Region party committee would strive to achieve a fundamental change for the better in its conduct ahead of schedule.

Our request that party organizations of the Armed Forces achieve a fundamental change for the better in their conduct ahead of schedule was made after repeated deliberations and in accordance with the Armed Forces' actual situation. There are many factors that can help the party organizations of the Armed Forces achieve this objective. For example, party members and cadres of the Armed Forces are better educated; as military collectives, the Armed Forces are highly disciplined; and the first stage of party rectification has also laid a good foundation for improving party conduct.

Yang Shangkun fully endorsed the work accomplished by the party organizations of the Beijing Military Region in improving their conduct as well as the work accomplished by regiment-level units and below in rectifying their party organizations. He said: The Beijing Military Region has accumulated ample good experiences during the first stage of party rectification. Regiment-level units and below have quite satisfactorily rectified their party organizations and improved their party members' conduct. If they continue to work hard, they certainly can achieve the objective of achieving a fundamental change for the better in party conduct ahead of schedule.

Yang Shangkun stressed: The party organizations of the Armed Forces must resolutely respond to the CPC Central Committee's call and continue to work firmly to improve their conduct. The party organizations of the Armed Forces must help bring about an improvement in social conduct with their exemplary deeds of improving their own conduct. If each comrade can influence 3 to 5 people, then the Armed Forces as a whole can influence as many as 10 million people. By engaging in spiritual construction with the civilian sector, the Armed Forces can further help local units improve their party and social conduct.

PLA IMPROVES PARTY STYLE, ARMY DISCIPLINE

OW050541 Beijing XINHUA Domestic Service in Chinese 0731 GMT 4 Jul 86

[By reporter Liu Huinian]

[Text] Beijing, 4 Jul (XINHUA) -- This reporter has learned of the following information from a briefing held by the Central Military Commission on the PLA's party rectification and efforts to improve party style: After 6 months of solid work, the PLA has made remarkable achievements in improving party style. Now it has taken on a new look in both party style and Army discipline.

The improvement in the PLA's party style is mainly shown by the following facts:

-- the PLA has basically stopped the unhealthy practices pointed out in a previous circular issued by the General Offices of the CPC Central Committee and the State Council. All units have earnestly examined and corrected existing problems. Now they have stopped the unhealthy practice of buying imported cars and are equipped with motor vehicles according to their table of organization and equipment. The units that must send personnel abroad have been paying more attention to exercising strict control over those who seek to go abroad, and no serious violations of foreign affairs discipline or national or human dignity have been found among those who go abroad. None of the active-duty leading cadres has taken TDY opportunities to make sightseeing trips.

The unhealthy practices of spending public funds on sightseeing, dinner parties, or gifts and of indiscriminately giving souvenirs on the occasion of meetings have been basically stopped. The problems of receiving illegitimate payments or engaging in business operations without authorization have been corrected.

-- The PLA has made a comparatively great progress in investigating and handling law and discipline violation cases, particularly those involving leading cadres. In dealing with important cases, PLA units generally guarantee results by a prescribed time and sternly investigate and handle the cases by seeking truth from facts no matter what leading cadres are involved. So far, units at and above the corps level have closed more than one half of the cases in their hands and are stepping up the handling of the unfinished ones. Some cadres who made serious mistakes have been punished. In accordance with a decision of the Central Military Commission, the Discipline Inspection Commission of the Central Military Commission has issued a circular to all PLA units on the handling of eight major cases. All major units have educated the troops with selected, typical cases. The vast number of party members and cadres say that they have been shocked and educated by those negative instances, and that the Army "truly means business now."

-- There is a good trend for the leading cadres to set a good example and take the lead in correcting unhealthy practices. Since party rectification began, most leading cadres of PLA units have become strict with themselves and honest in performing their duties. They do not flatter their superiors, nor do they vie with their peers for privileges. Some of them have, on their own accord, turned in the cars that are in excess of the authorized number. Some have canceled their car purchase plans. Others have voluntarily returned surplus public property or the gifts that they received. Still others have held family meetings to educate their dependents and relatives to strictly abide by law and discipline. When visiting subordinate units, some leading comrades have omitted their retinues, strictly abided by rules and regulations, and declined dinner invitations and gifts. The malpractice of "giving instructions, asking favors, seeking under-the-table relationships, and entering by the back door" in connection with cadre transfer and fighters' change of service status to volunteers or technical arms have been drastically reduced.

Bureaucracy has been corrected to a great extent and the leading style has greatly changed. The leading cadres and organs of major units have further established the notion of serving the grass-roots units, gone deep into the realities of life to find out the hardships of cadres and fighters, done solid work for grass-roots units, and stepped up Army building.

-- According to analyses made by major PLA units on the work style of the party committees of their subordinate units at and above the division level, a considerable number of their subordinate units have achieved or almost achieved a fundamental change for the better in party style, and a number of units and individuals have improved their party style.

PLA commanders and fighters are satisfied with the remarkable success achieved by the PLA in improving party style in the past 6 months. Many comrades say that "there are three things that they did not expect." First, they did not expect the party Central Committee and the Central Military Commission would be so serious in dealing with party style.

Second, they did not expect law and discipline violators, particularly those who are leading cadres, would be dealt with so resolutely and sternly. Third, they did not expect the work style of leading cadres and leading organs would improve so fast. However, the comrades also soberly understand that a great deal of work remains to be done to improve party style and that the efforts should never be slackened. Some comrades say that the decision made by the Central Military Commission to achieve a fundamental turn for the better in the PLA's party style within this year completely conforms to their aspirations, and that with such a decision, a fundamental turn for the better in party style can be achieved.

POLITICAL QUALITY STRESSED IN PLA EDUCATION

OW140330 Beijing XINHUA Domestic Service in Chinese 1057 GMT 13 Jul 86

[By reporter Xu Jingyue]

[Text] Wuhan, 13 Jul (XINHUA) -- A forum on ideological education of students in PLA higher-educational specialized institutions of technology, which concluded today, stressed the need to emphasize political quality in training students. It is imperative, the forum pointed out, to guide them in understanding the Marxist stand, viewpoint, and method. Students must uphold a scientific world outlook and a revolutionary philosophy of life so that they will cultivate a fundamental spirit to devote themselves to national defense work.

During the forum, representatives from higher-educational specialized institutions of the entire Army exchange their experiences in conducting ideological education in recent years. They discussed current problems of this task, and studied concrete steps to be taken to further improve ideological work among students. In a speech delivered at the forum, Zhou Keyu, deputy director of the PLA General Political Department, emphasized that military academies and schools should pay attention to ideological education and reform their teaching methods to meet the needs of building a revolutionary Army. He said: The study of political theories taught by military academies and schools should be reformed. In some academies and schools, the contents of the course are rather outdated, and the teaching methods comparatively rigid. These contents and methods cannot keep pace with our current social development and the advances we have made in science, nor are they suited to the actual state of thinking in the students' minds. It should be noted, however, that the most fundamental content of the political theories course in military academies and schools should be the basic tenets of Marxism. Without this fundamental education, the students would have no basis for building their scientific world outlook and philosophy of life, nor could they analyze and apply what they have learned from the new courses opened by the academies and schools. He pointed out the need to implement the principle of integrating theory with practice, and encourage them to go to the grass-roots units and among the masses so as to be tempered and to imporve their ability through practice. He continued: The past few years have seen a variety of measures taken by military academies and schools to have their students take an active part in social practice. Some have organized the students to conduct social surveys during their vacations. Others have arranged for the students to be tempered through practical training in PLA units or on frontlines. Still others have organized their students to visit factories and villages or invited comrades from lcoal departments or PLA units to come in to give speeches.

There are also some academies and schools that have established ongoing contacts with local people through various army-civilian joint construction campaigns. All these have yielded rather good results and are measures worth promoting.

The forum on ideological education of students in academies and schools of the whole Army opened on 9 July in Wuhan.

ARMY LEADERS REVIEW PARTY CONSOLIDATION EFFORTS

OW031946 Beijing XINHUA in English 1759 GMT 3 Jul 86

[Text] Beijing, July 3 (XINHUA) -- China's Armed Forces are hopeful of achieving a fundamental turn for the better in improving the Communist Party's conduct this year.

This is the view shared by delegates to a conference reviewing progress of the party consolidation drive started in 1984 within the armed forces. The 16-day meeting, which closed here today, was held by the Central Military Commission.

Yang Shangkun, vice-chairman of the commission, urged commanders at all levels to "speak the truth, do practical work, attach importance to investigations and make more extensive studies."

Yu Qiuli, director of the Chinese People's Liberation Army General Political Department, said that for a party organization, the indicator for the fundamental turn for the better in the party's conduct is whether or not the abuse of power, serious bureaucratism and undisciplined tendencies are corrected.

OFFICIALS SPEAK ON PLA PARTY RECTIFICATION

OW050408 Beijing XINHUA Domestic Service in Chinese 1515 GMT 3 Jul 86

[By reporter Liu Huinian]

[Text] Beijing, 3 Jul (XINHUA) -- The meeting sponsored by the Central Military Commission to report on the situation in the Army in correcting party style and conducting party rectification ended today. The comrades attending the meeting held: The Army hopes to achieve a fundamental turn for the better in improving party style within this year. It must continue to exert strenuous efforts.

Leading Comrades of the Central Military Commission Yang Shangkun, Yu Qiuli, Yang Dezhi, Zhang Aiping, and Hong Xuezhi and Secretary Guo Linxiang of the Central Military Commission Discipline Inspection Commission attended the meeting and made speeches.

This meeting began 23 June. Demonstrating the spirit of seeking truth from facts, the principal responsible comrades from various major units in the whole Army who attended the meeting reported the "good news" as well as the "bad news." They reviewed the situation in rectifying party style, studied how units at and below the regimental level carried out party rectification, and exchanged experiences. The meeting discussed issues of how to bring about a fundamental turn for the better in improving party style and fulfill the party rectification tasks in an overall manner and worked out various specific methods and measures in this regard.

According to the meeting, the various units of the whole army have resolutely implemented the Party Central Committee's and Central Military Commission's Directives on rectifying party style and paid great attention to the work of correcting unhealthy trends. They made even greater progress in doing such work and exposed and solved many problems after the central authority's meeting, which was attended by 8,000 people.

Some of the unhealthy practices pointed out by the central authority -- such as purchasing sedans, traveling with public funds, vying with one another to go to foreign countries, and eating and drinking extravagantly -- have been basically stopped. Some of the major cases involving cadres violating laws and party discipline have been handled, while other are under investigation. The idea of seeking truth from facts has struck deep roots in the hearts of the people, while fewer and fewer people are practicing fraud. Bureaucracy has been overcome to a great extent, and the style of leadership greatly improved. The broad masses of party members have further enhanced their consciousness in following party regulations and observing party discipline.

In his speech Yang Shangkun said: The entire Army has attained remarkable achievements in correcting party style and carrying out party rectification. This year it plans to fulfill the task put forward by the party Central Committee to unify thinking, rectify work style, strengthen discipline, and purify party organizations by means of party rectification. The Army hopes to fulfill its task in party rectification and do its job well from start to finish. The PLA is a highly centralized and unified organization. It has strictly enforced discipline. It should become a pace-setter in correcting party style and other unhealthy practices.

He said: During the second half of this year we must correct party style in close connection with party rectification. The most important thing in conducting party rectification is to strengthen the basic units. If we are able to bring the role of the basic party organizations as a powerful fighting force fully into play and build a strong core of leadership, we will definitely be able to overcome the negative factors and enhance PLA units' militancy.

On the issue of leadership style, Yang Shangkun emphatically pointed out: Leading cadres at all levels in the Army must speak the truth, do practical work, attach importance to investigations, and make more extensive studies. He called on leading cadres at all levels to improve their style of leadership and carry out their work in a down-to-earth manner. He said: Strenuous efforts must be made to correct bad work style, including telling lies and practicing fraud. All those who tell lies and practice fraud must be exposed, criticized, and educated. He also emphatically pointed out: Leading organs at all levels must adopt resolute measures to reduce the number of meetings and release fewer documents. Cadres must go deep into basic-level units to discover and solve problems on time.

In his speech Yu Qiuli said: Over the past 6 months party style in the Army has greatly improved. If we continue our efforts for a period of time, it is entirely possible for the army to bring about a fundamental change for the better in improving party conduct this year. We are full of confidence in this respect.

We urged the party committees at all levels in the army not to relax their efforts in correcting party style and to carry out their work in a down-to-earth manner during the second half of this year. He pointed out: We must continue to strengthen our education on party spirit, party style, and party discipline and step up our efforts in handling major and important cases. We must give specific guidance and deal with different units in different ways. In dealing with those units where party conduct has already been improved, we must begin to improve the system and consolidate the achievements attained. In dealing with units where problems abound, the leadership must personally take action to help consolidate such units and strive to bring about a fundamental change for the better in improving party style.

Yu Qiuli pointed out: So far as a unit is concerned, a fundamental turn for the better in party style mainly means that it has corrected both serious bureaucratic and liberalist tendencies in the political field and the practice of using one's authority to seek personal gain, that it has done a good job in handling the major and important cases, that it has basically eliminated unhealthy trends pointed out by the central authority, that it has brought the role of party organizations as a powerful fighting force fully into play, and that it has promptly exposed and solved all new problems by relying on its own efforts. So far as the whole army is concerned, such change means that the overwhelming majority of units have improved their party style and that the great majority of party members are able to consciously correct and resist unhealthy tendencies.

Yu Qiuli emphatically stressed the need to improve party conduct. He said: Efforts must be made to strengthen education on party spirit and transform our world outlook. One's party spirit is a reflection of one's world outlook. Some people have carried out unhealthy practices or even violated laws and discipline. One basic reason is that they have forgotten the purpose of serving the people, the style of work in waging arduous struggles, and the lofty ideals of communism. Only by strengthening the transformation of the subjective world will it be possible for us to strengthen our confidence in communism; oppose corruption by feudalism, capitalism, and other decadent ideologies; maintain and give full play to fine style of work; and maintain the true qualities of communists in the new situation of reform, opening the country to the outside world and enlivening domestic economy.

An important point in helping leading cadres transform their world outlook is to help them correctly deal with the authority in their own hands and do a good job in tackling the problem of making use of one's authority to seek personal interests. He said: We must impose stringent demands on leading organs and cadres and improve the democratic life within the party and the army. In selecting and promoting cadres we must pay attention to the candidates' ideas and moral standards. As more and more cadres stress party spirit and principle the general mood in the various units will become better and better.

On the issue of party rectification, Yu Qiuli said: Units at and below the regimental level belong to the last group in carrying out party rectification. Helping these units carry out party rectification is of great significance in fulfilling the overall task in party rectification and strengthening basic-level units and the entire army.

After analyzing the current overall situation in carrying out party rectification in basic-level units, he pointed out: Given the basic-level units' characteristics, in the course of solving problems we must pay attention to the following points:

1. We must place emphasis on helping party members raise their ideological level.

2. We must attach importance to solving problems with regard to cadres who are party members.

3. We must pay full attention to units where problems abound. Those units with more problems must bring about marked changes in their outlook by means of party rectification.

Leading comrades of various PLA general headquarters and of the Central Military Commission Discipline Inspection Commission also attended the meeting.

ALL-PLA CONFERENCE ON PERSONNEL WORK ENDS

OW091425 Beijing XINHUA Domestic Service in Chinese 1521 GMT 8 Jul 86

[By reporter Gai Yumin]

[Text] Beijing, 8 Jul (XINHUA) -- An all-Army troops work conference ended today. It called on the Army and local authorities to cooperate closely in successfully carrying out the work of recruiting new soldiers, demobilizing veteran soldiers, and resettling demobilized soldiers in accordance with the military service law so as to ensure the implementation of the Army's reduction-in-strength reorganization program and contribute to national defense modernization.

In his summing-up speech, Deputy chief of the General Staff He Qizong said: In accordance with the party Central Committee's decision to reduce the size of the PLA by 1 million troops, the first group of units began to carry out the program in the second half of 1985 and basically completed their task in the first half of this year. The reduction-in-strength reorganization work for the second group of units, currently being carried out in a planned and orderly way, will be basically completed by the end of this year. Carrying out the work of recruiting new soldiers and demobilizing veteran soldiers successfully concerns the realization of the party Central Committee's policy decision. Therefore, all units of the Army must attach great importance to this work and adopt effective measures to ensure it is done well this year.

Addressing the conference, Wang Daming, deputy director of the party Central Committee Propaganda Department, urged propaganda departments of party committees at all levels to regard publicizing the work of recruiting new soldiers, demobilizing veteran soldiers, and resettling demobilized soldiers as their important duty, and to further publicize the military service law. He said: The comrades of the various propaganda departments should realize that the work of recruiting new soldiers, demobilizing veteran soldiers, and resettling demobilized soldiers provides a good opportunity for conducting education on patriotism and on the legal system among the masses. The military service law is a fundamental law for national defense modernization. The promulgation of this law plays an important role in perfecting China's socialist legal system and has great significance in improving China's military service system, promoting the building of the Armed Forces, and defending the socialist motherland. Therefore, it is necessary to publicize this law constantly and year after year.

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In his speech, Vice Minister of Civil Affairs Yang Chen stressed the need to strengthen the building of the legal system on demobilizing veteran solidiers and resettling demobilized soldiers. It is necessary to make good use of time to draw up a regulation on demobilizing and resettling compulsory servicemen, in accordance with the relevant provisions of the military service law and the requirements set forth in the CPC Central Committee and State Council's "Circular on Respecting and Cherishing the Army and on Supporting Military Reform and Building," so as to ensure that our demobilization and resettlement work is done well and according to law.

FIRST HOME-MADE NAVAL TRAINING VESSEL LAUNCHED

OW121314 Beijing XINHUA in English 1777 GMT 12 Jul 86

[Text] Shanghai, July 12 (XINHUA) -- China's first home-made naval training vessel was launched here today.

Built by the Qiuxin Shipyard in Shanghai, the "V-856" vessel, with a maximum displacement of 5,500 tons, can be used for training missions on high seas with 200 cadets and 30 instructors on board.

Officials at the shipyard declined to specify when the vessel will be put into active service, but disclosed that she will be equipped with modern navigation and pollution control facilities so that she will be fit for calling foreign ports.

LEADERS INSCRIBE FOR LAWYER ASSOCIATION

OW081446 Beijing XINHUA Domestic Service in Chinese 1346 GMT 7 Jul 86

[Excerpts] Beijing, 7 Jul (XINHUA) -- A National Lawyers' Association was founded in Beijing today. This is the first national social group of lawyers for the masses since the founding of new China. Liu Fuzhi, deputy secretary and secretary-general of the Central Commission for Political Affairs and Law, was appointed honorary president, and Zou Yu, minister of justice, president.

Comrade Hu Yaobang inscribed the name for the association. Peng Zhen, Deng Yingchao, Hu Qiaomu, Chen Pixian, Lu Dingyi, Peng Chong, Rong Yiren, and other comrades also wrote inscriptions or poems for the establishment of the lawyers' association. Peng Zhen wrote: "To ensure the accurate execution of the socialist legal system and to serve the people righteously according to the law are honorable duties of China's lawyers." Deng Yingchao wrote: "To be a people's lawyer is the highest honor." Hu Qiaomu's poem reads: "Here you come wearing a crown of thistles and thorns; here you come holding the sword of justice. Lawyer, you are a gate of holiness, yet also a gate to hell, but you see nothing of dangers or temptations. Your motto is: All men are equal before the law, and only the objective fact is the highest authority." Chen Pixian wrote: "Make full use of lawyers' functions and perfect the lawyers system." Lu Dingyi's inscription reads: "All men are equal before the law." Peng Choing's inscription says: "Expand the contingent of lawyers and raise their quality."

Rong Yiren wrote: "Congratulations to the founding of the National Lawyers' Association. Strive to implement the principle that in China 'all citizens are equal before the law'!"

At the National Congress of Lawyers which closed today, a constitution of the association was approved, and the association's council was elected. [passage omitted]

Addressing the closing session of the congress, Zou Yu, minister of justice and president of the association, said: The official founding of the National Lawyer's Association is a great event in reinforcing China's socialist democracy and perfecting the socialist legal system. It can be anticipated that the association will play an active role in, and have a far-reaching influence on, promoting China's socialist modernization and developing exchanges with the outside world by unifying lawyers of the nation, and by applying legal means.

WENZHAI BAO ON PROBLEMS CAUSED BY RETIRED CADRES

HK151311 Beijing WENZHAI BAO in Chinese No 327, 6 Jul 86 p 4

[Article summarized by Yang Hongxin from issue No 6 of LINGDAO KEXUE [SCIENCE OF LEADERSHIP]: "New Problems Caused by a Vast Contingent of Investigators"]

[Text] Since the reform of the administrative structure, large numbers of leading cadres have become investigators (including inspectors, supervisors, and assistants) after their withdrawal to the second line. Henan now has 50,000 cadres on the second line who are serving as investigators. Such as vast contingent of investigators has brought forth some new problems.

First, the investigators are permanent staff members. Although they enjoy the political treatment and remuneration of leading posts, they have failed to fulfil the corresponding duties. Thus, they occupy the posts in name only. If the number of these people increases within a unit with a limited establishment, the number of those doing practical work will decrease. Otherwise, the total number of staff will exceed the establishment. The actual size of an economic committee of a certain country was not yet determined, but some comrades said that the maximum number should not exceed 25. This organ now has four chairmen and vice chairmen and seven investigators at the chairman or vice chairman level. With an addition of seven to eight section chiefs, there will be only a few vacancies left for people doing practical work.

Second, if too many investigators are crowded in a unit, it becomes difficult to fully exploit their role. According to our investigation of 3 bureaus in a certain city, the ratio between members of the leading group and investigators was 8 to 12. Our investigation of 8 units in a certain county indicated that the ratio between members of the leading body and investigators was 32 to 24. The investigators can neither make policy decisions and direct work at leading posts as they did in the past nor serve as regular cadres. No wonder some leading cadres said: "It is really difficult for us to play the role of investigators. How could such a small grass-roots unit as ours have enought problems to justify such frequent investigation?"

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LIANG BUTING ADDRESSES SHANDONG MAYORS' MEETING

SK100606 Jinan Shandong Provincial Service in Mandarin 2200 GMT 8 Jul 86

[Text] After a 6-day session, the provincial conference for mayors and commissioners from various cities and prefectures concluded in Dongying City on 8 July. The conference was another important meeting to discuss economic work since the economic work forum sponsored by the provincial CPC Committee in Zibo City in June this year.

At the conference, the participants relayed and studied the spirit of speeches given by the central leading comrades with regard to economic work. By bearing in mind the actual situation in the province, they also analyzed the economic situation in the period since the beginning of 1986 and discussed the tasks for economic work for the latter half of this year.

At the conference, Liang Buting, secretary of the provincial CPC Committee, and Li Changan, deputy secretary of the provincial CPC Committee and governor of the province, delivered important speeches.

At the beginning of the conference, the participants heard a report given by the responsible comrade of the Shengli oil fields with regard to the work in construction and prospecting of oil fields. Also, they inspected the expanded site of the (Gudong) Oil Field. Upon seeing the oil field crew doing pioneering work arduously and waging tenacious struggles displaying the revolutionary spirit, they were greatly inspired and encouraged.

The conference held that the province's economic situation in the first half was good. Under the leadership of the party committee and the government at all levels, localities throughout the province dealt with the problems in economic work, which need to be dealt with urgently, in a timely manner. This has been favorable to promoting economic development. During the January-June period, the total industrial output value showed a 4.1-percent increase over the figure of the corresponding 1985 period. The increase scored by the cities and prefectures including Jinan, Qingdao, and Yantai, reached more than 10 percent. Despite the serious drought, the province still reaped a good summer grain harvest. The total output is estimated to show an increase over the 1985 figure. Meanwhile, the province has better fulfilled the tasks for both spring and summer sowing, had a bigger growth of seedlings, and laid a foundation for reaping a bumper autumn harvest. The province has also achieved new development in agriculture, animal husbandry, sideline production, fishery, and the diversified economy. The province has basically brought under control the scope of investment in capital construction among the state enterprises covered by the budget, increased in volume of investment in the key projects of energy resources and transportation, and accelerated the pace of building the projects. The increase scored in financial revenues has surpassed that scored in industrial production. The province has also realized a large-scale increase in local commodities, foreign trades, and exports, basically maintained the stability of commodity prices, and made the markets in both the urban and rural areas prosperous.

The conference held that the current problems in economic work are the low quality of some products and the increase of product cost; the product structure is not reasonable and the economic result is not ideal; the scope of the capital construction has not been brought under strict control; and the financial expenditure has shown an excessively rapid increase. As for these problems, efforts should be made to fully understand and deal with them at an early date in order to maintain the good trend of developing the national economy in a steady, stable, and harmonious manner.

The conference pointed out that the tasks of economic work for the latter half of this year are very heavy. Efforts should be made to concentrate on implementing the policies and measures that have been adopted to conduct economic work. During a certain period in the future, the departments at provincial and city-prefecture levels should organize some personnel to go deep into the grass-roots units to carry out investigation and study and to render service to them. In conducting reforms in economic systems, efforts should be made to earnestly examine and sum up the experiences gained in the reforms in line with the demand of consolidation, digestion, supplement, and improvement. We should persistently carry forward the measures which have been enforced in conducting reforms and been favorable for promoting the development of productive forces, and should gradually improve the measures which have been proved as inadequate. In line with the unified arrangement made by the central and provincial authorities, we should carry out the measures adopted to correct the major problems. As for the measures adopted to correct the minor problems, we should boldly carry them out as long as we deem them right. Meanwhile, in line with the emphasis of conducting reforms during the Seventh 5-Year Plan period, efforts should be made to organize investigation and studies in a planned and step-by-step manner in order to create conditions for making greater progress in conducting reforms in 1987 and 1988.

In concluding the conference, Liang Buting, secretary of the provincial CPC Committee, delivered an important speech on enlivening the rural economy. He pointed out: Developing the township- and town-run enterprises represents a strategic measure to make the province's economy comprehensively prosperous.

At the conference, Li Changan, deputy secretary of the provincial CPC Committee and governor of the province, also delivered a speech on analyzing the work done in the first half and making work arrangements for the latter half of this ear.

Attending the conference were responsible comrades from the provincial level departments concerned.

SHANDONG TRANSFERS MILITARY TO LOCAL GOVERNMENTS

SK160916 Jinan DAZHONG RIBAO in Chinese 4 Jul 86 p 1

[Text] As of 26 June, our province had completely concluded the work of transferring the People's Armed Force departments of 137 counties, cities, and districts to the local governments.

The province's work in this regard was thoroughly carried out within 3 months, including the pilot work on transfer. During the period the provincial CPC Committee, the provincial people's government, and the provincial military district organized a leading group in charge of this work and held many meetings to make well-conceived arrangements for the work. Leading comrades in the provincial military distict persistently went deep into the grass-roots level units to carry out the work in a down-to-earth manner and to sum up and popularize in a timely manner the experiences gained in the pilot work, so that they ensured smooth progress in conducting the work.

CENTRAL-SOUTH REGION

GUANGDONG'S LIN RUO VISITS TYPHOON-HIT AREAS 16 JUL

HK170243 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 16 Jul 86

[Text] By 1900 on 15 July, the flood waters in Meicheng had fallen below the warning line, and by this morning, the water had receded in most parts of the town, except for waterlogged low-lying areas. More than 100,000 marooned cadres and masses were out of danger, the town's communications are gradually returning to normal, and shops have reopened. Following Vice Governor Ling Botang's aerial inspection of Meixian prefecture on 14 July, provincial CPC Committee Secretary Lin Ruo personally went to the prefecture today to comfort the disaster victims, inspect the damage, and provide guidance for relief and rescue work.

HENAN COUNTY DISMISSES INCOMPETENT TOWNSHIP LEADERS

HK141158 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 13 Jul 86

[Text] According to HENAN RIBAO, in the first half of this year, the CPC Committee of Yanling County demoted and dismissed six incompetent township leading cadres. This caused great shock in the country.

Some comrades held that they were new cadres who made no mistakes and were young and that it seemed unreasonable to demote and dismiss them. But the county CPC Committee educated the people that though they made no mistakes, they had not made any breakthroughs for a long time. This would cause delay to the party's undertakings. It was outmoded thinking that to demote or dismiss them was unreasonable, though they made no mistakes.

The county CPC Committee took appropriate treatment for the demoted and dismissed comrades in connection with their cases. The CPC Committee offered relevant jobs to comrades who possessed special skills. The six cadres now express satisfaction with the party's arrangements, and are working hard at their posts.

While reporting this news story, HENAN RIBAO also published a commentator's article entitled "Promotions and Demotions of Cadres." The article says: Recently, a large number of young comrades has taken up leading posts. Facts have shown that most of them are competent. But there are also some who are incompetent. This is by no means a strange phenomenon. The bureau for selecting cadres must go through the process of examination and selection when promoting a cadre. But the process does stop when the cadre assumes a leading posts. Once it is discovered that a comrade is incompetent in handling the work of leadership, arrangements must be made for him so that he can do what he can and full play is given to his skills. This is a way of showing responsibility for the party's undertakings, as well as taking good care of him.

The article says: We should develop a common practice in which the promotions and demotions of cadres are a normal phenomenon. In particular, departments in charge of cadre affairs must not take demotion as only a means of disciplinary measure. After being demoted, the incompetent leaders can still become good engineers, good teachers, good doctors, good workers, or outstanding workers at other fronts. In the wake of popularizing the systems of recruiting cadres and hiring cadres for a term of office, cases of promoting and demoting cadres will become more common. While relatively stable, the contingent of cadres will constantly receive new blood. Only thus can we maintain the best performance of the cadres and make our undertakings always full of vitality.

ZHAO DI SPEAKS ON HENAN CADRES' ROLES IN REFORM

HK150605 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 14 Jul 86

[Text] The middle-aged and young cadres should strive forward and make contributions in the course of carrying out reforms. This statement was stressed by Zhao Di, secretary of the provincial CPC Committee, on the morning of 14 July at the provincial Party Schools sixth short-term class for advanced studies, which will be soon be completed, and its fifth class for leading party group cadres.

Zhao Di said: What we take over from the aged comrades is by no means only their posts but also responsibilities, undertaking, hopes and great trust, which are more important. He stressed: The middle-aged and young cadres must have a strong sense of political responsibility, as well as the sense of undertaking an historical mission.

Zhao Di said: The present development of the situation, as well as the trend of reforms, have offered our middle-aged and young cadres plenty of room and favorable conditions to give play to their skills and make contributions. Since the objective conditions are now available, whether or not they can make contributions rests with their subjective efforts.

Zhao Di emphatically stressed: We must develop among the middle-aged and young cadres a general, good practice of emulating each other's study, practice, revolutionary tradition and contributions. The middle-aged and young cadres must do well in their study, do more practical work, be hold in making innovations and strive forward.

Zhao Di said: Every leader should take as his motto the statement that "one who makes no contributions commits a mistake." As leaders assume important posts and are vested with authority, they should work hard and make contributions for the state and the people Cadres who make few mistakes but have not made any great contributions cannot be regarded as good cadres, even though they are honest.

In connection with his thinking, Comrade Zhao Di also spoke on the relations between work and study, between succession and innovation, between human relationships and moral qualities, between major issues and trifles, between career and family, and so on.

Comrade Zhao Di also analysed the present situation in the province's leading groups at various levels in the work of building themselves. He pointed out: From now on, the principle for building the leading group is to basically maintain a stable situation, to gradually readjust and to perfect the structure, and to improve the quality.

Zhao Di said: Our focus is to do well in improving the quality, as well as strengthening the ideological building and work style of the leading groups. We should expend great efforts improving the leaders' political quality and professional skills. We must select and recruit cadres in accordance with the party's principles, and resolutely overcome and correct unhealthy tendencies concerning the selection and recruitment of cadres.

XIZANG'S WU JINGHUA ADDRESSES MINORITY ATHLETES

OW150438 Beijing XINHUA Domestic Service in Chinese 1158 GMT 14 Jul 86

[Excerpts] Lhasa, 14 Jul (XINHUA) -- A Tibetan sports team will soon leave Lhasa for a competition.

The summer sun is radiant in Lhasa, capital of Xizang; the scenery at Luobulinka in Lhasa's suburbs is particularly enchanting. This is where the athletes and coaches of the Tibetan team have gathered to train for participation in the Third National Traditional Minority Games. [passage omitted]

Before their departure for the competition, members of the team gave an exhibition of their sports' skills before leading comrades of the autonomous region on 6 July. Those watching the performance with great interest included Wu Jinghua, secretary of the autonomous regional party committee; Pagbalha Geleg Namgya, vice chairman of the CPPCC National Committee and vice chairman of the autonomous regional People's Congress Standing Committee; Redi and Dan Zeng, deputy secretaries of the autonomous regional party committee; and Gyibug Puncog Cedain and Tuddao Doje, vice chairmen of the autonomous regional people's government. [passage omitted]

The Tibetan team's horses were safely transported to Urumqi on 1 July, where a horse race will be held. [passage omitted]

Leading comrades of the autonomous region cordially received all members of the team. Wu Jinghua said: "The forthcoming national traditionally minority games will be a grand meeting, characterized by the great unity of all minority nationalities in our great motherland. It will be a great honor for Xizang's minority athletes to take part in such a grand sports meet." He encouraged the athletes by saying: "It is our desire to strive for good results, but this is secondary. What is more important is to learn from various fraternal nationalities' noble moral character and lofty spirit in loving and building the motherland and to learn from their advanced experiences in developing their traditional sports in order to contribute more to building a new, united prosperous, and cultured socialist Xizang."

YUNNAN ISSUES CIRCULAR ON INTELLECTUALS

HK141410 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 12 Jul 86

[Text] The organization, propaganda, and united front work departments of the provincial CPC Committee recently issued a circular to party organizations at all levels in the province on inspecting and accepting implementation of policies on intellectuals, urging all areas and units to grasp the implementation of policies on intellectuals and resolve properly all problems left over from history. The circular reaffirms the criteria for acceptance of implementation of policies on intellectuals:

1. By adopting the attitude of seeking truth from facts, we must correct all wrong and frameup cases against intellectuals during and before the Cultural Revolution. The conclusions of reexamiantion must be made known to the persons concerned.

2. We must reasonably place those intellectuals who could not bring into play their role in the past and resolve their problems, such as husbands and wives living in different places and changing the agriculture household registration of their family members to nonagricultural household registration.

3. It is necessary to retroactively pay intellectuals salaries that were wrongly deducted or withheld during the Cultural Revolution.

4. It is necessary to return to intellectuals all money and property confiscated during the Cultural Revolution.

5. It is necessary to return to and make compensation for all private houses forcibly occupied during the Cultural Revolution.

6. It is necessary to resolve the problems of discriminating against the wives and children of intellectuals who agree wrongly dealt with or who made mistakes or committed crime, in their education, employment, and join the party.

7. It is necesary to reexamine intellectuals who were wrongly dealt with since the 3d Plenum of the 11th CPC Central Committee, including in the struggle against economic and criminal activities.

The circular stresses that in the course of solving these problems, whether or not the persons concerned have complaints, the units concerned and public security, procuratorial, and court organs must reexamine and properly deal with their cases in accordance with the relevant regulations.

BEIJING SECRETARY SPEAKS AT PARTY COMMENDATION RALLY

SK121236 Beijing BEIJING RIBAO in Chinese 30 Jun 86 p 1

[Excerpts] The Beijing municipal rally to commend excellent Communist Party members and advanced party branches opened amid thunderous applause in the Great Hall of the People where flamed-red flags fluttered on 29 June. [passage omitted]

Chen Xitong, secretary of the municipal CPC Committee and mayor of the municipality, presided over the rally. Jin Jian, deputy secretary of the municipal CPC Committee, read the decision of the municipal CPC Committee on carrying out the activities of learning from excellent communist party members and advanced party branches. Li Ximing, secretary of the municipal CPC Committee, delivered a speech at the rally. Attending the rally were Duan Junyi, Standing Committee member of the Central Advisory Commission; Cao Zhi, deputy director of the Central Organizational Department; Wang Daming, deputy director of the Central Propaganda Department; and leading comrades of the municipal Discipline Inspection Commission, and municipal People's Congress, the municipal government, and the municipal CPPCC Committee, including Xu Weicheng, Ye Lin, Ye Zilong, Han Boping, and Bai Jiefu. [passage omitted]

In his speech, Li Ximing, secretary of the municipal CPC Committee, extended warm greetings and lofty respects to the representatives of excellent Communist Party members and advanced party branches that have been commended on behalf of the municipal CPC Committee. He said: Just like the 14 excellent party members, including Zhang Jieshi, and the 5 advanced party branches, including the party branch of the workshop of the steelworks of the Shoudu Iron and Steel Company, who were commended by the municipal CPC Committee in the preceding stage, the 113 excellent party members and 37 party branches to be commended this time are outstanding representatives of the excellent Communist Party members and advanced party branches throughouut the municipality as well as advanced models with the spirit of the age.

In his speech, Li Ximing called on party members and party organizations at all levels throughout the municipality to pay attention to emulating the three spirits of the excellent party members and advanced party branches that have been commended.

First, we should emulate their spirit to keep forging ahead. Communist Party members should first possess the spirit to keep forging ahead to bring into play their exemplary vanguard role under the new situation; and simultaneously, the party branches should also possess this spirit to give play to the role as a fighting bastion. We should stand in the forefront of reform, dedicate ourselves to reform, support and protect reform, and strive to create a new situation in our work. Party members and party organizations at all levels throughout the municipality should get rid of old ideas such as sticking to conventions, not forging ahead, and attempting nothing and accomplishing nothing; enhance the sense of being urgent to conduct reform; be good at linking the party's line, principles, and policies with the actual conditions of their units; set the highest possible demands on themselves; be brave in doing pioneering work; diligently forge ahead; and strive to create first-class work.

Second, we should emulate their spirit of being selfless. Just as they have done, we should link the pursuance of communist ideals with solid and conscientious implementation of our work and combine the work of carrying out reform and blazing new trails with the job of honestly performing our duties so that we will certainly be loyal public servants in order to build the party and implement policies to serve the interests of the people, really not be affected by unhealthy practices, money, and corrosive ideas; consciously resist wrong ideas such as putting money above everything else, practicing selfish departmentalism, and working according to payment; be brave in resolutely waging the struggle against various unhealthy practices and the activities in violation of the law and discipline; and take the lead in straightening out party style.

Third, we should emulate their spirit of making arduous efforts. We should eliminate bureaucratism and the idea of loving comfort and being lifeless, enhance revolutionry vigor, study hard in the course of reform and the four modernizations, arm ourselves with Marxist threory and modernest scientific knowledge, strive to scale new heights in a down-to-earth manner, and make efforts to become representatives of advanced productive forces.

Comrade Li Ximing pointed out: The year 1986 is the first year of the Seventh 5-Year Plan. The tasks ahead of us are glorious and arduous. Thus, the Communist Party members throughout the municipality should certainly enhance their revolutionary vigor, strive to make contributions to the party and the people, and unite and lead the people of the whole municipality to push forward the great cause of socialist modernization.

XING CHONGZHI ADDRESSES HEBEI RETIRED CADRES

SK160611 Shijiazhuang HEBEI RIBAO in Chinese 30 Jun 86 p 1

[Text] On the afternoon of 28 June, the provincial CPC Committee held a forum of retired veteran cadres who had retreated to the second or third line to solicit their opinions and suggestions on the construction of the party and the work undertaken by the party and the province.

Xing Chongzhi, secretary of the provincial CPC Committee, presided over the forum with the attendance of Xie Feng, deputy secretary of the provincial CPC Committee and governor of the province, and Lu Chuanzan, secretary general of the provincial CPC Committee.

On the eve of the 65th anniversary of the CPC's founding, comrades attending the forum happily got together to jointly review the brilliant history of our party, which has greatly developed and grown in strength, and to jointly discuss the grand plan for building the four modernizations.

At the forum, the participating comrades stated with an intimate knowledge of the party's work: Without the Communist Party there would be neither new China, nor construction of the four modernizations. They also put forward very favorable, constructive suggestions on the province's issue of how to enhance the building of the party and how to further consolidate and develop the results scored in the party rectification drive and on the province's work in the fields of industry, agriculture, finance, and culture.

In conclusion, Comrade Xing Chongzhi, on behalf of the provincial CPC Committee, delivered a speech in which he stated that the provincial CPC Committee will certainly live up to the expectations of the veteran party-member cadres and will resolutely make a success in the work during the Seventh 5-Year Plan period, which will certainly be better than that in the Sixth 5-Year period.

SUN WEIBEN AT HEILONGJIANG PLA DISTRICT CPC PLENUM

SK120404 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 11 Jul 86

[Text] When speaking at the 16th Plenary Session of the 5th CPC Committee of the provincial Military District, which ended on 11 July, Sun Weiben, secretary of the provincial CPC Committee and first secretary of the provincial Military District, pointed out: We should first attend to the self-construction of the troops, and should, if possible, transfer some human and material resources to directly develop economic construction.

Comrade Sun Weiben pointed out: That the Army should sumbit to the overall situation of the state is the comprehensive and general strategic ideology as well as a high-level principle for making policy decisions. Some units have lacked an understanding of the specific form of submitting the Army to the overall situation of the state, and have confined their work only to the form of directly training the armymen and providing materials. As a grass-roots unit, so long as it has conscientiously implemented the relevant principles and policies in their practical work, it has, in fact, submitted itself to the overall situation of the state.

To attain the general task of the party for the new stage, concerted efforts of all fronts are needed. Not only the comrades on the economic front are required to vigorously developed their work, but the comrades on the military front are also required to work hard in order to provide a tranquil environment for the smooth development of peaceful construction. Therefore, the Army should regard the fulfillment of their own tasks as the major way and form of submitting themselves to the overall situation of the state.

Those units which possess the conditions should vigorously organize forces to support the construction of the localities on the premise of not affecting the work of the troops. The People's Armed Forces departments should actively mobilize and organize the militiamen and reserve duty personnel to take the lead in building material and spiritual civilizations in order to engage in economic construction in a more direct manner.

GAO DI ADDRESSES JILIN ADVISORY COMMISSION PLENARY SESSION

SK150808 Changchun Jilin Provincial Service in Mandarin 0930 GMT 14 Jul 86

[Text] The first Jilin Provincial Advisory Commission held its sixth plenary session in Changchun City from 10 to 12 July. The session was aimed at relaying and implementing the spirit of the forum sponsored by the Central Advisory Commission with the forum sponsored by the Central Advisory Commission with the participation of chairmen of the advisory commissions of various provinces, municipalities, and autonomous regions.

Attending the session were Wang Daren, chairman of the provincal Advisory Commission; Zhang Shiying, vice chairman of the provincial Advisory Commission; as well as the Standing Committee members and members of the provincial Advisory Commission -- more than 60 persons in all. Eleven Standing Committee members and member of the provincial Advisory Commission, including Xiao Chun, vice chairman of the provincial Advisory Commission, were absent due to sickness or leave.

Comrades Wang Daren and Zhang Shiying presided over the plenary session.

At the session, the participating members relayed and studied the speeches given by Comrade Bo Yibo and Song Renqiong at the forum sponsored by the Central Advisory Commission with the participation of chairmen of the advisory commissions of various provinces, municipalities, and autonomous regions. They reviewed the work done by the provincial Advisory Commission in the past and made the following work arrangements for the latter half this year in line with the three expectations raised by Comrade Bo Yibo in his speech and by bearing in mind the actual situation in the province:

1. A good job should be done in being the advisers and assistants of the provincial CPC Committee and in actively supporting the work arranged by the provincial CPC Committee. This is the unshirkable responsibility of veteran comrades. In the future they pledged to strive to take more action in delving into reality to learn the opinions of the masses and the situation in society. They pledged to often keep the provincial CPC Committee informed of the situation and to put forward their opinions and suggestions. Efforts should be made to fully trust and respect the provincial CPC Committee and to pay attention to preventing interference from cropping up in work.

2. Efforts should be made to enhance study; to master the ways of applying the stand, viewpoint, and method of Marxism in looking into or analyzing issues, correctly appraising the situation, and in accurately keeping the provincial CPC Committee informed of the situation; and to earnestly study the important documents issued during the period since the 3d Plenary Session of the 11th CPC Central Committee and the speeches given by the principal leading comrades of the central authorities in order to consciously act in unison politically with the central authorities.

3. A good job should be done in making living arrangements for the members of the provincial Advisory Commission and showing concern over work of dealing with the affairs of retired cadres and of the cadres on convalescence leave.

Prior to the conclusion of the session, Comrades Wang Daren and Zhang Shiying delivered speeches.

Comrade Gao Di, secretary of the provincial CPC Committee, attended the session and delivered a speech in which he fully acknowledged the work done by the provincial Advisory Commission. In his speech he stated: The provincial Advisory Commission has actively done a great deal of investigation and study work in the previous period and put forward large number of good and most favorable suggestions that have played a role in helping or supporting the work undertaken by the new leading body of the provincial CPC Committee. In his speech he also analyzed the situation in industrial and agricultural production throughout the province and the problems cropping up in production, and put forward a preliminary plan for further making a success in the province's economy and for a strategy of social development. He urged the provincial Advisory Commission to continuously play its role in making a success of various fields throughout the province.

DUAN JUNYI, GAO DI AT JILIN RIBBON-CUTTING RALLY

SK160231 Changchun Jilin Provincial Service in Mandarin 0930 GMT 15 Jul 86

[Summary from poor reception] "Today marks the 30th anniversary of the founding of the Changchun No 1 Vehicle Plant. The Jiefang CA 141-model light car, the second generation of the Jiefang-model car of our country, will be put into small batch production beginning on 15 July." A ribbon-cutting ceremony is going to be held at the general assembly workshop of the plant on the trial production of the Jiafang CA 141-model light car.

At 0840 on 15 July, (Liu Yutang), secretary of the CPC Committee of the Changchun No 1 Vehicle Plant, declared the ceremony open. Present at the ceremony were Duan Junyi, Standing Committee member of the Central Advisory Commission; He Guangyuan, vice minister of machine-building industry; Gan Zhijian, vice minister of the State Planning Commission; Gao Di, secretary of the Jilin Provincial CPC Committee; Gao Dezhan, governor of Jilin Province; Liu Jingzhi, chairman of the Jilin Provincial CPPCC Committee; Huo Mingguang, vice chairman of the Jilin Provincial People's Congress Standing Committee; Liu Shulin, vice governor of Jilin Province; Wu Yixia, secretary of the Changchun City CPC Committee; Wang Jiatong, mayor of Changchun City; and (Shi Mingwu), vice chairman of the Changchun City People's Congress Standing Committee. Also attending the ceremony were former leading comrades of the Ministry of Machine Building Industry; leading comrades of some state organs; and more than 50 comrades who had hold the leading posts of the Changchun No 1 Vehicle Plant.

GAO DI ATTENDS JILIN FAMILY PLANNING CONFERENCE

SK170606 Changchun Jilin Provincial Service in Mandarin 0930 GMT 16 Jul 86

[Text] The provincial family planning work conference which ended today stressed: We must never ignore family planning work and should firmly grasp it. In the future, our province should countinue to advocate the one-couple, one-child policy and to strictly control the excessively rapid increase of population.

Gao Di, secretary of the provincial CPC Committee; and Gao Dezhan, governor of the province, made speeches at the conference. Gao Wen, vice governor of the province, presided over the conference.

Population growth will enter the peak period in the next 10 years. The province will have 260,000 newly married couples annually during the Seventh 5-Year Plan period. Thus, the task for birth control is extremely difficult.

The conference called on the party committees and the governments at all levels to further enhance the idea that it is necessary to control the population, to place the family planning work as an extremely important work and on the course of spiritual civilization, to make unremitting efforts to firmly attend to the work, to pay attention to the elimination of the idea that it does not matter to have more children under the situation in which the people are getting richer and richer along with economic development, and to educate the vast number of cadres and the people to gradually eliminate the traditional idea of childbirth. The departments should closely work together with each other and vigorously support the family planning work.

The family planning work departments at all levels should strengthen the propaganda and education on family planning work among the grass-roots areas, achieve the service work, comprehensively upgrade the level of family planning work, and strive to fulfill the tasks for population control during the Seventh 5-Year Plan period.

The conference also further perfected and readjusted the policies on birth control in the rural areas.

LIAONING'S QUAN SHUREN RECEIVES DPRK DELEGATION

SK070520 [Editorial Report] Shenyang Liaoning Provincial Service in Mandarin at 2100 GMT on 6 July carries at 1.5-minute report on the arrival of the North Pyongyang provincial friendship delegation of the DPRK in Shenyang City by train via Dandong City on 6 July. "That evening, Quan Shuren, secretary of the provincial CPC Committee and governor of the province, gave a banquet in honor of the Korean guests." During their stay in the province, the delegation will participate in he celebrations for the fifth anniversary of the signing of agreements between the two provinces on production.

LIAONING OFFICIAL ON STRAIGHTENING OUT PARTY STYLE

SK110353 Shenyang Liaoning Provincial Service in Mandarin 2100 GMT 9 Jul 86

[Text] At a meeting to exchange experiences in straigthening out party style held in a (? zinc) plant of Huludao on the morning of 8 July, Gao Zi, secretary of the provincial Discipline Inspection Commission, made a speech on the issues concerning whether or not unhealthy practices are brought about by reform and whether or not the development of reform can be hampered by the straightening out of unhealthy practices.

He said: Straightening out party style is in keeping with reform. It is theoretically wrong that we separate, and even isolate, the improvement of party style from reform. Such practices will get us nowhere.

Gao Zi said: Some people attributed the unhealthy practices existing in society to reform at the preceding stage. Recently, another group of people also spread such slanderous rumors that the development of reform had been hampered by the work of straightening out unhealthy practices. Therefore, some comrades with misgivings have lost enthusiasm for doing their work. We should absolutely get rid of such ideas. Reform is a matter relating to the readjustment of a series of key links, such as political, ideological, educational and superstructural systems, as well as a matter to accelerate the elimination of the rigid economic structure which hampers the development of productive forces. Thus, we will certainly meet obstacles and obstructions in all fields in the course of reform. Our purposes for straightening out party style and unhealthy practices and to get rid of obstactles and obstructions for reform and to create fine social and political environments.

Gao Zi emphatically pointed out: Cadres of the discipline inspection enthusiastically support and protect reform, and proceed from the thinking of serving reform to explore new paths for straightening out party style.

Gao Zi called on personnel in charge of the discipline inspection work to unswervingly support reform and protect the enthusiasm of reformers on one hand, and to persistently grasp party style and protect the enthusiasm of the comrades in charge of grasping party style on the other. Only by doing so can we ensure that good party style, reform, and the work of opening to the outside world and enlivening the domestic economy will develop along a correct direction.

LIAONING HOLDS PARTY RECTIFICATION CONFERENCE

SK121251 Shenyang LIAONING RIBAO in Chinese 27 Jun 86 p 1

[Text] From 16 to 23 June, the Liaoning Provincial CPC Committee held a conference on party rectification. Attending the conference were deputy secretaries of various city CPC committees who are in charge of party rectification work; secretaries of various county and district CPC committees; directors of various city, county, and district offices in charge of party rectification; and responsible comrades of departments concerned at the provincial level.

The major discussion topic of this conference was to relay and implement the guidelines of the forum on party rectification with the participation of secretaries of CPC committees of the 11 provinces and municipalities in north China, northeast China, and northwest China; and to sum up and arrange for the rural grassroots-level party rectification and for the work of consolidating and developing the achievements scored by the units at or above the county level in party rectification.

At the conference, Comrades Xu Shaofu and Chen Suzhi respectively delivered reports on further attending to rural party rectification and on consolidating and developing achievements in party rectification.

The conference maintained that great achievements have been scored in the province's rural party rectification. Thanks to party rectification, we have further strengthened the building of leading bodies, and enhanced the fighting capacity of party organizations; have further stepped up party spirit, and straightened out party style; and have further corrected the ideology guiding rural work, and effectively promoted the in-depth development of reform and economy. At the same time, the political competence and awareness in communism of the vast number of party members have been obviously improved, and their vanguard and exemplary role has been strengthened. In addition, our organizations have been purified, and the building of party organizations has been intensified. The town and township party rectification has been carried out in line with definite guiding ideology, with prominence to major aspects. Thanks to the town and township party rectification, problems of some localities and units have been solved in a relatively thorough manner. The conference also maintained that considerably more towns and townships have set low standards for their party rectification, and have failed to thoroughly solve the problems of their leading bodies, particularly the evil trend of abusing one's powers to extort personal favors. A few units have carried out party rectification in a poor manner, have failed to learn their problems and grasp the major aspects, and have yielded poor results in party rectification. Some units have carried out party rectification in a superficial manner.

Comrade Sun Qi delivered a summing-up speech. He said: To achieve greater success in party rectification and in correcting party style, we must make an objective and realistic estimation of the current situation. In the party rectification of the past 2 years, our province has successfully accomplished the tasks of unifying the thinkings and purifying organizations. However, some problems still exist in the fields of rectifying work style and enforcing discipline. In taking stock of party style, our judgment should be based on two fields, one is the party line, policies and the inner-party political life, and the other is party organizations, and the work style of party members and cadres. It is wrong to regard all contradictions in society and within the party as a problem in party style, and as evil trends. In particular, in the process of reform, many new situations and problems will certainly emerge. We should solve the problems which have emerged. With regard to the guiding ideology that party rectification should ensure and promote reform and economic development, Comrade Sun Qi said: In carrying out party rectification over the past 2 years, we have conscientiously implemented this guiding ideology. At present, along with the deepening of reform, various kinds of new problems and complicated contradictions have emerged in practice. Leading comrades at all levels should conscientiously study and profoundly comprehend the far-reaching significance of the demand of the central authorities on simultaneously grasping the "two civilizations," and should not pay more attention to one than to the other. Comrade Sun Qi stressed in conclusion that we should actually strengthen the leadership over party rectification . He said: Experience gained in party rectification over the past 2 years shows that where the leadership is effective, party rectification can be carried out successfully, and the key to achieving success in party rectification in lies in the efforts of top leaders. At present, we should overcome impatience and laxity, and should adhere to conducting party rectification by high standards and correcting party style.

GANSU PARTY SECRETARY VISITS FACTORY FIRE SITE

HK151532 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 14 Jul

[Text] Yesterday morning, Comrade Li Ziqi and other provincial and Lanzhou city leaders went to Lanzhou's (Changjing) electrical machinery plant to visit the site of a fire and look into its cause. They also expressed hope that cadres and workers of the plant would enhance their vigor to rebuild the plant and resume production as soon as possible.

A large fire occurred in the (Changjing) electrical machinery plant on the morning of 12 July. The fire destroyed th emain workshops and products of the plant. Yesterday morning, in front of the damaged electrical machines for export, provincial CPC Committee Secretary Li Ziqi said: The products that can be repaired must be repaired so as to minimize the loss. While analyzing the cause of the fire, Li Ziqi said that this fire has exposed poor business management of our enterprises and our weakness in fire prevention. He expressed the hope that other enterprises would draw a lesson from the case and examine their fire prevention work to ensure accident-free production.

Vice Governor Zhang Wule inquired about the plant's plan for resuming production. He pointed out that after resuming production, the plant must produce better products to protect the market and reputation of the plant. He told the responsible comrades of Lanzhou city and the provincial Economics Commission on the scene that provincial-level enterprises and Lanzhou city must do their utmost to help the plant repair equipment and provide places, so that the (Changjing) electrical machinery plant can resume production and make up its losses as soon as possible.

SHAANXI LEADERS DISCUSS COALFIELD DEVELOPMENT

HK170247 Xian Shaanxi Provincial Service in Mandarin 0100 GMT 17 Jul 86

[Text] According to SHAANXI RIBAO, on 15 July the provincial government summoned responsible comrades of its subordinate organs and other units concerned to study the exploitation of the Shenfu coalfield. Provincial CPC Committee Secretary Bai Jinian demanded that all sectors of the province support this work and spur economic development in northern Shaanxi. Governor Li Qingwei and Vice Governors Zhang Bin and (Zhang Guoxing) spoke on how to develop the coalfield as soon as possible.

The provincial government has set up a preparatory group for exploiting the coalfield, headed by Vice Governor (Zhang Guoxing), to organize preparatory work in various departments.

SHAANXI COMMENTATOR ON SLANDER AGAINST REFORMERS

HK140219 Xian SHAANXI RIBAO in Chinese 23 Jun 86 p 1

[Commenator's article: "The Heart That Reformers Should Have"]

[Text] An old saying says: "Achievements are likely to bring slanders in their wake." This saying is now more convincing following news reports published recently in newspapers that some reformers are in a sorry plight after they were falsely accused by anonymous letters.

Who trumps up charges against reformers by means of anonymous letters? It is believed that those who dare not reveal their names are certainly not fair and square. According to a fact-finding survey, people like them are mostly steeped in the ideology of individualism in the reform. Some of them nurse a grievance because they are not promoted, or because they are not promoted to certain positions that they expect; some are discontented because their selfish desires are not fed or because they are criticized for their mistakes. Therefore, once there is a chance, these people immediately seized the opportunity to capitalize on the vulunerable points of reforms and injure them by underhand means.

If leaders are enlightened, they certainly hate these false charges and take good care of and safeguard reformers. If leaders stick to old ways and are jealous of worthy persons and too particular about trifles, they certainly chime in easily with those who lodge false accusations through annonymous letters, and get reformers into deep trouble.

At present false charges are real obstacles to the reform and are the most vicious obstacles. Under certain circumstances, reformers may be hurt by one or two anonymous letters as if they have been hit by arrows shot from hiding, and lost their posts, and the reform in the units where they work may come to a stop. Sometimes, one or two anonymous letters may result in brave reformers being beset with rumors and slanders, chill their enthusiasm, and cause them to be at a loss what to do. Consequently, the practice of "eating from the same big pot" may be resurrected, enterprises may suffer setbacks and heavy losses, but those who lodge false accusations will be complacent.

To push forward the reform, all trumped-up cases should be seriously investigated and dealt with. Ma Shengli, a well-known reformer of the country and director of the Shijiazhuang City paper mill, was terribly distrubed by anonymous letters and letters of false accusation, not long after he scored certain success in the reform. Thanks to the firm support given to him by the central departments concerned, and the CPC Committee and people's government of Shijiazhuang City, the whole truth came out, through repeated investigation, that it was Liu Guangyi, secretary of the mill's general party branch, who had trumped up a charge against him. Liu was immediately relieved of his post for self-examination. This has encouraged Ma Shengli to have more courage to carry out reforms.

Frame-ups are handled by party organizations, but reformers should be aware that to achieve something, they should prepare themselves against attacks, suspicion, jealousy, opposition, ironical rermarks and sarcastic comments. "Sturdy grass withstands strong winds." Well-known reformers in history were all tried by adversity. As long as we adhere to the party's policies, refrain from abusing power for personal gain and violating the law and discipline, pay attention to bureaucratic practices, and work for the people without selfish desires, we can certainly stand firm. When we find out shortcomings and commit mistakes, we must conscientiously make self-criticism and correct them. While resolutely carrying out correct instructions by the higher authorities, we must take the initiative in listening to criticism and suggestions from the masses of people. Even if their criticism is not correct, we must take the attitude of "correct mistakes if you have commited them, and guard against them if you have not." We set slanders with ulterior motives at naught and should not be vexed by them, nor should we be disheartened, because we are reformers and not cowards. We must be strong-willed, stand on a higher plane, and take purely ficticious slanders as a force pushing us forward. This is the broad-mindedness that reforms should have.

'WAR' INDUSTRY BASE, SHAANXI ENTERPRISES COOPERATE

HK120546 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 11 Jul 86

[Text] After smashing barriers between different departments or regions, base 067 of the Ministry of Astronautics has developed lateral economic and technological ties with many local enterprises so that advanced technology of war industry can be used for the development of the national economy.

Base 067 has a large number of senior and middle-grade scientists and technical personnel and possesses relatively modern technology and equipment. The base was completely cut off from the outside world for a long time in the pst because of the system of separating departmental management from regional management. In the course of switching to civilian production while maintaining military needs, the base removed barriers existing between different departments or regions and made efforts to develop lateral economic cooperation with some cities of our province and some enterprises of other provinces. More than half of the 35 contracts, which the base concluded with local enterprises for technology transmit, consultancy service and production cooperation, have been executed. Aside from this, it has also established cooperation with the Shaanxi motor car plant and the Xian boiler factory. With the development of lateral economic cooperation with local enterprises, scientists and technical personnel working at the base can now display their abilities and talents, and all research units and workshops of the base are now full of vigor and vitality. Comrades of the department in charge of civilian production of the base told this reporter that the income earned from the projects jointly run by the base and local enterprises as well as the output value of civilian products this year are estimated to top 20 million yuan, registering a 100 percent increase over last year.

SONG HANLIANG, OTHERS ATTEND URUMQI LAW COURSE

HK151326 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 14 Jul 86

[Text] A study course in legal knowledge held for leading comrades of the region by the general office of the regional CPC Committee opened in Urumqi yesterday afternoon. This shows that leading comrades of the region have taken the lead in studying legal knowledge and in strengthening the building of the legal system. Attending the study course are leading comrades of the regional CPC Committee, Advisory Commission, Discipline Inspection Commission, People's Congress Standing Committee, People's Government, CPPCC Committee, and Production and Construction Corps, including Song Hanliang, Tomur Dawamat, Janabil, Li Shoushan, Amudong Niyazi, and Zhang Sixue; and responsible persons of the Public Security Department, procuratorate, and court. Like students in school, they have listened with rapt attention and carefully taken notes.

The first lesson yesterday was given by (Zhang Li), secretary of the Xinjiang Political and Legal Administrative Cadre College CPC Committee. He discussed grasping construction in one hand and the legal system in the other. (Qin Guozheng), secretary of the Judicial Department party group and deputy department director, introduced the situation in popularizing legal knowledge throughout the region. Feng Dazhen, regional CPC Committee Standing Committee member and Propaganda Department director, discussed the arrangements for the study course. From now to the middle of December, this course will have a lesson each week. Experts, scholars, and leading comrades of the regional judicial department and colleges will be invited to lecture on the legal knowledge of 12 branches of law, including the constitution, law of regional autonomy of minority nationalities, criminal law, civil law, and marriage law to introduce the principles, guiding ideology, and [words indistinct] of the administration of public security, trial work, lawyers, and notarial work.

PROBLEMS, CHANGES FOR TAIWAN'S DIPLOMATIC POLICY

HK111337 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 27, 7 Jul 86 p 22

[Article by Wang Peiyu: "A Glimpse of Taiwan's 'Diplomatic' Policy"]

[Excerpts] In early June, Interpol's 82d executive committee meeting unanimously adopted a resolution that: In view of the situation in which the Taiwan authorities refused to take part in Interpol activities under the name of the Police Organization of the Region "Taiwan, China," it has been decided that the secretary general and all members of Interpol should execute the resolution of the 53d plenary session of the organization, and stop Taiwan's police organization from taking part in any of the organization's business and activities. This is the second severe setback concerning international organizations experienced so far this year by the Taiwan authorities.

Before this, the Asia Development Bank, after admitting the PRC as a member, asked Taiwan to stay in the organization under the name of "Taipei, China." But the Taiwan authorities dealt with this by taking an attitude of "not changing the name, not withdrawing from the organization, and not participating in the activities." The authorities thus caught themselves in a dilemma.

It is just as Yu Kuo-kwa, Taiwan's "Executive Yuan premier," said on this year's international ituation, "we are still in an ever-changing and difficult environment."

The status of Taiwan in the international community has continued to drop since the 1970's. At the beginning, the PRC was restored its legitimate seat at the United Nations. Then, China and the United States established diplomatic relations. At present, an absolute majority of the world's countries (134 in number) have established diplomatic relations with the PRC Government, and acknowledge that the PRC Government is the only legitimate government representing China, while Taiwan is part of China. [passage omitted]

In order to overcome its difficult situation in the international community, Taiwan has begun "changing" its "diplomatic policy." At a press conference, Fredrick F. Chien, "representative to the United States of the coordination committee for North American affairs," stated that Taiwan "should focus its future security consideration on the Soviet Union." It is widely known that Taiwan has long claimed that Mainland China poses a great threat to the security of Taiwan. But the "new point of view" proposed by Fredrick F. Chien is the first "change" to take place on a formal occasion.

This "new point of view" has attracted general attention among international circles. Public opinion in the West holds that over a long period in the past, people living on and outside of Taiwan island were generally dissatisfied with the ossified "diplomatic" policy of the KMT authorities. Proposal of this "new point of view" may pacify Taiwan's people and change the "government's image of being ossified," as well as possibly winning more support from people living overseas.

In order to change its impression upon the European and American countries, Taiwan began its so called "substantial diplomatic" offensive. It sent more than 10 teams to the United States for "tactical procurement," each of which brought a turnover value of some $1 billion. It also sent several teams to Europe for large-scale procurement. The aim of this move was to reduce Taiwan's favorable trade balance with this region and to give them a good impression of Taiwan. People called this kind of diplomacy "money diplomacy" [passage omitted]

However, acting on behalf of the "government," "Executive Yuan premier" Yu Kuo-hwa repeatedly stressed the principle of "the four unchanges," that is, we shall by no means change the "state system" formulated by the Constitution of "Republic of China," or the general goal of "Republic of China" to fight communism and restore the country, and so on.

International public opinion pointed out that the Taiwan authorities now face a more difficult situation in terms of "diplomatic" relations. If they do not face the reality about China and the international community, they will be unable to change their situation of being isolated in the international community.

OFFICIAL REFUSES TO DISCUSS TAIWANESE SPY REPORT

HK151408 Hong Kong AFP in English 1404 GMT 15 Jul 86

[Text] Beijing, July 15 (AFP) -- Chinese authorities refused to discuss a Hong Kong newspaper report Tuesday that a Taiwan spy thought to have died in 1975 was in fact living in the south of China.

"This is not your business," the spokesman for the Public Security Ministry told AGENCE FRANCE-PRESSE by telephone when asked about the report.

(A pro-Beijing newspaper in Hong Kong, WEN WEI PO, said that the spy, Zhu Tong-lang, was thought to have been captured and killed by Chinese authorities in 1975. In fact, the newspaper said, he is living happily in the southern province of Jiangxi.

(Zhu Tong-lang was sent to China on a spying mission in 1961 and was arrested by the authorities 11 years later, WEN WEI PO said. He was later released and given a job in the forestry bureau of Shanyou county, Jiangxi Province where his parents were staying, it added. Mr Zhu married a local girl 20 years his junior in 1980 and fathered a boy and a girl, the newspaper said.)

KMT URGED TO PURSUE COOPERATION WITH CPC

OW110011 Beijing in Mandarin to Taiwan 0130 GMT 9 Jul 86

["Forum on State Affairs" program hosted by Liu Wei]

[Excerpts] Dear listeners, the 60th anniversary of the Northern Expedition falls on 9 July this year. Sixty years ago, the Kuomintang [KMT] and the CPC collaborated with each other, fought our enemies, and shed blood together, filling glorious pages in the Chinese revolutionary history. The historical significance of the Northern Expedition should be remembered forever. [passage omitted]

While commemorating the 60th anniversary of the Northern Expedition, we cannot but think of the incomplete unification of our motherland, for Taiwan and the mainland are still separated. This is a product of long-term turmoil from within and externally throughout Chinese history, and a result of interference by foreign powers. It is against the will of all the Chinese people, including the people in Taiwan. The separation has inflicted great losses upon our country, nation,and people. [passage omitted]

As you all know, the CPC and the government of the motherland have successfully solved the Hong Kong issue according to the scientific idea of "one nation, two systems."

The Taiwan issue, different from the Hong Kong issue by nature, is not a matter of regaining sovereignty, but a matter of peaceful reunification of the motherland concerning China's internal affairs. However, it can be solved according to the ideas of "one nation, two systems." Moreover, the conditions can be more flexible. I think this policy of the CPC and the government of the motherland for a peaceful reunification has given priority to the interests of the nation, and also absolutely conforms to the interests of the Taiwan people and those of the Taiwan authority.

Dear listeners, "unification leads to stability while separation leads to danger" is a conclusion made by history. The Chinese people have long suffered from internal disputes and fighting. Shall we continue the state of separation between Taiwan and its motherland, or shall we end this as soon as possible in order to fulfill the reunification of the motherland? I think it is not difficult for anyone who is patriotic to make a rational and correct decision. [passage omitted]

Dear listeners, another inspiration derived from the revolutionary course of the Northern Expedition is that the fate of our nation heavily depends on the relationship between the KMT and the CPC. As you all know, the first round of cooperation between the KMT and the CPC brought about victory in the Northern Expedition, which made the KMT the nation's party in power. The second round of cooperation between the KMT and the CPC resulted in the victory of the anti-Japanese war, which swept away China's insulting history of having lost every war over a period of 100 years. The KMT regained its prestige from that as well. The cooperation between The KMT and the CPC on these two occasions not only conformed to the basic interests of the country and the people butalso was favorable to both the KMT and the CPC. History has proven that coooperation between the KMT and the CPC is a greate blessing to our nation and people.

Some people in the KMT said that the KMT suffered losses from those periods of cooperation. This is absolutely contrary to the historical facts. In fact, the KMT suffered no losses but obtained a lot of benefits from them. It has suffered losses only from pursuing anti-communism. What has the KMT gained from its anti-communist posture in these decades? It hurts not only the nation but itself. [passage omitted]

Today, to unify the motherland and invigorate China is also a historical trend. Then why can't the KMT and the CPC once more cooperate with each other in order to accomplish the great cause of the motherland's reunification and to promote China's prosperity?

TEXTILE INDUSTRY URGED TO UPGRADE, DIVERSIFY

OW170349 Taipei CNA in English 0255 GMT 17 Jul 86

[Text] Taipei, July 16 (CNA) -- Economics Minister Lee Ta-hai said Tuesday that this nations exports of textile products to the U.S. have been frozen by the U.S. government at last year's levels, and urge the textile industries to upgrade the level of their products and diversify their markets to weather the difficult situation.

Lee told reporters that the nation's textile industries will sooner or later face freezes on quotas of textile products exported to the U.S., the most important market for ROC textile manufacturers.

To alleviate the impact of the quota freeze, Lee urged that the textile industries here should develop value-added products and promote sales in markets other than the U.S.

Lee's warning remark followed a foreign wire service report which said the ROC has reached an agreement with the United States in the third round of textile talks in Geneva. The report said the new agreement will allow the ROC's textile exports to the U.S. between 1986 and 1988 to grow by only 0.5 percent based on the 1985 level.

But the U.S. side estimated that the shipments of ROC textiles to the U.S. market this year will be cut by about seven percent as a result of other import restrictions.

Vice Economics Minister Wang Chien-hsien also called on domestic textile producers to further improve their design ability, manufacturing technology, and marketing system to take on various challenges.

BRIEFS

JOINT JAPANESE SOFTWARE ACCORD -- Taipei, 12 Jul (CNA) -- The Taipei-based Prosperity Information and Computer Industry Inc. [Prosinfo] signed a joint-venture agreement with the well-known Japanese computer software group Kyodo Computer Co. Saturday. Under the agreement, Kyodo Computer will invest NT $8.8 million to acquire 40 percent of Prosinfo's stakes. The Japanese company will also transfer the most advanced expertise in developing application and system software packages to its Chinese partner. The Prosinfo-Kyodo agreement followed a similar cooperative pact between the ROC's Institute of Information Industry [III] and the U.S. - based Sun Micro Systems signed earlier this week. Ko Chih-shen, director of the III's Product Development Division, said that local software technology has reached a sophisticated stage. But local software industry has been hampered by a lack of comprehensive sales networks. Ko said that both III and Prosinfo expect to launch into overseas markets by entering into cooperation with Sun Micro and Kyodo Computer, both of whom are leading software developing companies in the world [Text] [Taipei CNA in English 1408 GMT 12 Jul 86 OW]

DAYA BAY SYMPTOM OF DEEPER SCHISM AMONG LEADERSHIP

HK150851 Hong Kong SOUTH CHINA MORNING POST in English 15 Jul 86 p 8

[Editorial: "Chinese Puzzle in Top-Level Arguments"]

[Text] The fall-out from China's nuclear energy program has already claimed a casualty, before the first concrete of the Daya Bay project has been poured. The victim is the facade of unity which Beijing tries to present to the world.

Daya Bay and the other nuclear plants which China is planning -- one near Beijing and the other in Qinshan, near Shanghai -- have emerged as key issues in what is ostensibly competition among third-tier leaders vying for top posts which should become available in the next year or two. The mammoth Three Gorges hydroelectric project, which will straddle the boundary of Sichuan and Hubei provinces in the middle reaches of the Yangtse, has also become involved.

The technocrats and others backing these new energy projects see them as crucial both to China's modernisation program and, of course, to their own advancement. Those senior officials who wonder where all this modernisation is leading say the nation already has adequate traditional energy resources.

The debate thus has a wider focus than is first apparent. It is not simply a matter of clashing personalities and ambitions, but one which could determine the course which China is to take and which could have repercussions for overseas interests committed to an investment role in the country's modernisation drive. The real fate of Mr Deng Xiaoping's reforms will be determined by the generation of party leaders who will take over after Premier Zhao Ziyang and the party's General Secretary, Mr Hu Yaobang. The arguments surfacing over Daya Bay indicate there is fundamental disagreement on the ultimate direction those reforms will take.

Mr Li Peng and Mr Tian Jiyun are the principal protagonists clashing in the field of energy. Both have their sights on the prime ministership, which will become vacant when Mr Zhao becomes President, probably at the party's next congress, in September next year.

While Mr Li and Mr Tian both subscribe to the basic philosophies which underpin the Chinese bureaucracy, their differences of approach represent either end of the official political spectrum. Their rivalry typifies the schism which is emerging within the leadership. Mr Li is generally regarded as belonging to the old guard. His revolutionary credentials are traceable to his father, who was killed by the Kuomintang. He was then adopted by the much-revered Zhou Enlai. Mr Tian, on the other hand, is typical of the new breed of bureaucrats, coming from Sichuan and indebted to Mr Zhao Ziyang for his rise to the central leadership. Both men joined the Politburo last September.

Other young leaders are also aiming for the top, notably Mr Hu Qili, a protege of Mr Hu Yaobang; and Mr Qiao Shi, who seems to represent a conservative wing of the reform group and has been in charge of the anti-corruption drive launched this year. Their connections or relationships with Mr Li or Mr Tian, if indeed there are any, are obscure.

The old guard are bonded by experiences through the turmoils of more than four decades of struggle. They have held virtually unchallenged power ever since the People's Republic was founded. Even though they have different views of the way the country they have helped build should be run, their sense of comradeship largely transcends differences of policy.

The new, ambitious leaders who are eager for more power are different. Often from the provinces and enjoying their first taste of life at the centre, they are not trammelled with allegiances formed long ago, under conditions far different from those which prevail today.

There are other signs of disarray, for instance the contradictory statements recently by Mr Hu Yaobang and Mr Zhao Ziyang over the prospects for changes at the top. Mr Hu indicated in Europe last month that several top leaders might step aside next year to make way for younger officials. Mr Zhao soon afterwards said there would be little change in the party leadership at the next national congress. There have also been somewhat contradictory statements about the drive against economic crimes, which increasingly appears to be aimed at people who have been deeply involved in the modernisation drive.

All this seems to point to considerable confusion at the top levels about the direction the modernisation drive is meant to be taking. The leadership seems to have pinned its hopes on this push for progress, and yet there is clear evidence that many urban reform programs, which only a year ago were a dominant topic, have come to a halt. Even rural reforms, once seen as the hallmark of the achievements of Mr Zhao and his senior deputy, Mr Wan Li, are beginning to be questioned.

Repeated claims that the modernisation clock has not been turned back may perhaps be doubted, and foreign investors would be well advised to think carefully before committing themselves fully.

Overall, there is more than a suspicion that the leadership is not as decisive as it once was, that there is an air of uncertainty in the top echelons. Is Mr Deng, 82 this year, losing his grip? Most China observers say not, but it would seem time for him to exercise his authority and display the resoluteness which launched China on its rocky voyage into the modern world.

PRC GOLD SHIPMENTS TO HONG KONG REPORTEDLY CEASE

HK160451 Hong Kong HONG KONG STANDARD in English 16 Jul 86 p 3

[Text] China's massive gold shipments into Hong Kong came to a sudden halt in May after more than $850 million had been brought in during the first four months of this year.

Trade figures for May released by the Census and Statistics Department yesterday showed no imports of gold bullion or bars from China, though reexports to China for the month were valued at $1.45 million.

In March and April China unloaded $157.81 million and $692.59 million -- totalling more than 10 tons. The total gold imports for the whole of 1985 was only $2.21 million.

As the SUNDAY STANDARD reported last week, the 375-fold increase on last year in China's export gold bullion to the territory has startled and puzzled local dealers.

LI PENG'S WIFE HEADS DAYA BAY'S BEIJING OFFICE

HK150856 Hong Kong HONG KONG STANDARD in English 15 Jul 86 p 3

[By David Wong and To Yiu-ming]

[Text] China has appointed the wife of Vice-Premier, Mr Li Peng, to head the Beijing office of the Guangdong Nuclear Power Plant.

This fact emerged yesterday as Chinese sources ruled out any conflict between Mr Li and another vice-Premier, Mr Tian Jiyun, over the Daya Bay plant issue in vying for the premiership. Mr Li has been known as a strong advocate for the controversial nuclear plant, but it is not common knowledge that his wife is also working on the project.

His wife, Mrs Zhu Lin, graduated from an institute of foreign languages in Harbin in 1955 and now heads the Beijing office of the Guangdong Nuclear Power Plant, sources in Beijing told the STANDARD.

The office is understood to serve chiefly as a link between the Guangdong project and Beijing. But Chinese officials were tightlipped about the nature of her job when questioned.

She and Mr Li were married in 1958.

The disclosure about Mr Li's wife further fuelled speculation that the vice-premier had personal reasons for supporting the project.

But local leftwing sources pointed out that the political career of Vice-Premier Li Peng would not hinge on the Daya Bay plant issue or the Three Gorges project, although he is noted for his strong support of these two controversial projects.

There is much opposition to the Three Gorges project which is a series of three dams across the Yangtze River to produce electricity. Opposition objects to their placement, because of the resultant flooding of the countryside that will take place.

It was a Hong Kong Chinese newspaper that first broke the news that serious differences had erupted among China's top leadership over the Daya Bay nuclear plant issue, with two vice-premiers opposing each other.

A report carried by The HONG KONG DAILY NEWS on Sunday, quoting sources from Beijing, said that vice-premiers Mr Li and Mr Tian held opposing views on whether the plant should be constructed at Daya Bay.

Mr Li, a noted technocrat, was said to be fully in favour of building the plant whereas Mr Tian was said to be firmly opposed to the plant.

Both Mr Li and Mr Tian are strong contenders for the premiership as Mr Zhao Ziyang is expected to relinquish the post within two years.

However, Chinese sources said that they had reservations about the truth of the report, as it was inappropriate to "personalise" the Daya Bay issue with Mr Li or Mr Tian.

"It is very natural for leaders to have different opinions on a public issue, and the Daya Bay plant is no exception. Different views can be constructive and are essential for policy formulation.

"But it seems doubtful anyone would attempt to exploit this issue for political gain when running for the premiership," a Chinese source said.

After taking into consideration the political sensitivity of the plant issue and its significance in China's energy policy, the source said, any decision about its fate must be decided by the highest decision-making body -- the Politburo or its Standing Committee.

"It's not a matter of personal likes or dislikes, but an issue of national interest which has to be decided by collective leadership", the source said.

Another source said that whether China should go ahead with the plan will be thoroughly examined by the State Council, which will hold collective responsibility for it.

"It is not a matter for a Vice-Premier or even the Premier to decide at their discretion," he said.

It is understood that divergent views over the Daya Bay plant are prevailing among the Chinese People's Political Consultative Conference (CPPCC).

A Chinese source pointed out some members of the CPPCC expressed reservations about the Daya Bay plant during the last session in April.

But leftwing sources saw the existence of differing opinions within the leadership as a normal phenomenon for such a large country as China.

A source pointed out that when Beijing gave the green light for the project in December 1982, after a feasibility study that took two years, Li had only been a member of the Central Committee for about three months.

OFFICIAL REPORTS FOREIGN VENTURES EXCHANGE DEFICIT

HK160441 Hong Kong SOUTH CHINA MORNING POST in English 16 Jul 86 Business Post p 3

[By Oliva Sin]

[Text] Foreign ventures operating in 19 key provinces and cities in China reported a total foreign exchange deficit of US$579.87 million last year, according to a senior Beijing official.

Mr Chu Baotai, deputy director of the foreign investment administration of the Ministry of Foreign Economic Relations and Trade (MOFERT) said the findings were revealed in a survey done by the government on foreign enterprises, including joint ventures.

Cities covered by the survey included Guangzhou, Xizmen, Tianjin and Beijing, while provinces included Fujian, Guangdong and Qinghai.

The total number of ventures sampled was not disclosed.

Mr Chu told a press conference yesterday only Qinghai had a foreign exchange surplus of US$30,000 while the others suffered from a shortfall.

He said the deficits were attributed to the huge imports of vehicles and raw materials by foreign enterprises in 1984 and last year.

Guangdong alone accounted for almost half of the $578.87 million deficit, he said.

(Guangdong has a concentration of foreign investment in view of its proximity to Hong Kong).

The survey also revealed that foreign enterprises spent $1.28 billion on importing parts and raw materials last year.

In contrast, they could generate only $472 million by exporting their products.

Nevertheless Mr Chu said the figure could not be taken to reflect the foreign exchange capacity of foreign ventures in China since the survey included many new ventures in the pilot stages.

He said many of the problem ventures were manufacturing operations which relied on imported parts and components but sold their products on the domestic market.

As a result, they failed to balance their accounts in foreign exchange because their earnings were in yuan but expenditures in hard currency.

He said many of these ventures were engaged in manufacturing TV sets, automobiles, meters, telecommunications and well drilling equipment.

"The shortage of these supplies on the domestic market means that joint ventures can sell at a higher price than export," he said.

That is why, many of these ventures have accumulated handsome profits in Chinese currency which their foreign partners cannot repatriate.

(Chinese currency is not freely convertible, except when authorized by the State Administration of Exchange Control.)

Mr Chu cited the example of TV manufacturing point venture set up by the Japanese firm Hitachi in Fuzhou.

Mr Chu said the Japanese firm instead of exporting the TV sets, sold them locally and is now having foreign exchange problems.

Meanwhile, he said China has relaxed the extension of credits to joint ventures to help them solve funding problems.

The measure, which came earlier this month, inlcudes both foreign exchange and yuan loans.

China imposed a freeze on credits last year after the country experienced a drastic drop in its foreign exchange reserves.

As a result of the credit squeeze, many state-owned enterprises and joint ventures suffered from cash flow problems.

A number of joint ventures could not get off the ground because they failed to obtain bank support.

Mr Chu said the credit relaxation will be implemented by the Bank of China and other specialised banks, such as the Industry and Commerce Bank.

Nevertheless, observers said the move does not mean China will loosen its grip on foreign exchange.

They said China will continue to adopt stringent measures to restrict the import of consumerables, production lines for the manufacture of electronics appliances and unnecessary raw materials.

One source said there is little hope for China to relax its use of foreign exchange in the next 12 months.

Mr Chu, who earlier spoke at an investment conference organised by the Hong Kong General Chamber of Commerce, said China's foreign exchange reserves will improve this year.

"We have successfully controlled the buying spree and our exports have been growing in recent months," he said.

Mr Chu admitted that foreign investors were worried over the drop in China's foreign exchange reserves.

MEETING ON SEZ LAWS, REGULATIONS CONCLUDES

HK111152 Hong Kong WEN WEI PO in Chinese 11 Jul 86 p 2

[Special dispatch from Zhuhai by reporter Kuang Yu: "The State Council Recently Held a Meeting To Study the Formulation of Laws and Regulations for Special Economic Zones"]

[Text] A seminar on the feasibility of regulations for all special economic zones in China, presided over by Zhang Ge, deputy director of the Special Economic Zones [SEZ] Office of the State Council, ended yesterday. The purpose of the 2-day meeting was to explore and study how to formulate national laws and regulations for special economic zones in the future and to do preparatory and advisory work in this respect. Chinese and foreign businessmen who make investments in the special economic zones will have detailed and unified legal documents to follow.

The meeting was held at Baiteng Hu, Zhuhai. Participants at the meeting were responsible persons and professionals concerned from Xiamen, Zhuhai, Shantou, and Shenzhen Special Economic Zones, and responsible persons concerned from Beijing and Guangdong Province.

The meeting mainly carried out initial study and exploration in accordance with the new situation of the special economic zones at present, new problems emerging in the foreign-oriented economy of various special economic zones, and the respective characteristics of the various special economic zones. It is hoped that when conditions are ripe, realistic and far-sighted national laws and regulations for special economic zones will be formulated for deliberation and approval by the NPC.

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GENERAL

SOVIET UNION SEEKS CLOSER ECONOMIC TIES WITH OPEC

OW171937 Beijing XINHUA in English 1749 GMT 17 Jul 86

[Text] Kuwait, July 17 (XINHUA) -- A senior Soviet official said here today that the Soviet Union is ready to open its markets for industrial products of the OPEC countries to ease the burden of plummeting oil prices on their economies.

In an interview with Kuwait News Agency (KUNA), Konstantin Katushev, member of the Central Committee of the Soviet Communist Party and member of the Supreme Soviet, said his country would accept products of the OPEC members if these states cannot pay foreign currency cash in the trade exchange with the Soviet Union.

Katushev, who is also chairman of Soviet State Commission for Foreign Economic Relations, accused unnamed countries outside OPEC of creating "an artificial oil crisis" which adversely affected the world economy and swelled problems of debtor nations.

He said that OPEC and non-OPEC countries are now negotiating a price structure ranging between 19 and 24 dollars per barrel.

Speaking of his meeting with the Kuwait defense minister, the Soviet official said that "we have received a better understanding of Kuwait's military needs."

The Soviet official said he agreed with Kuwaiti officials on the broad lines for future economic cooperation and on establishing joint ventures in Kuwait and the Soviet Union, but he did not elaborate.

However, he said Kuwait and the Soviet Union will carry out joint investment schemes at other countries including the Arab states.

The Soviet economic delegation arrived here on Monday for an official visit aimed at boosting joint ventures in the fields of economy, oil and investment.

Earlier, Kuwait's Finance Minister Jast al-Khurafi has announced that Kuwait will direct its investments to the Soviet Union, China and some developing nations in addition to the Western markets.

OVERSEAS JOINT VENTURE ENTERPRISES EXPANDING

HK151314 Beijing JINGJI CANKAO in Chinese 1 Jul 86 p 3

[Roundup by JINGJI CANKAO reporter: "Make Efforts To Expand Economic Cooperation With Foreign Countries -- China's Overseas Joint Venture Enterprises Are Developing"]

[Text] Since 1980, China has made great efforts to expand economic cooperation with foreign countries, actively made investments in foreign countries, and built joint venture enterprises in foreign countries. China has now already run 144 joint venture enterprises or wholly owned enterprises in 34 countries and in the Hong Kong and Macao regions, involving a total investment of U.S. $239 million. [paragraph continues]

These enterprises are mainly involved in the development of resources, product processing, navigation services, finance and insurance, consultancy services, and the running of construction companies and Chinese restaurants and so on. These businesses are mainly spread over the United States, Japan, Canada, Western Europe, northern Europe, Latin America, the Middle East, Africa, South Asian countries, the Hong Kong and Macao regions, and so on. Besides these, more than 300 joint venture projects are now under discussion; these will be spread mainly over Asia, Africa, Latin America, and some other regions.

Selected Overseas Investments

According to China's actual situation, China's investment in establishing joint venture enterprises in foreign countries should mainly concentrate on the following aspects: 1. To jointly develop such natural resources as forestry, fishery, mining industry, and so on so that China will not only be able to help develop the economy in the foreign countries but also obtain timber, paper pulp, aquatic products, mineral products, and so on which are badly needed by China. Although sometimes, the resources to be developed are not needed by China, China should still carry out cooperation with the countries concerned to develop their resources so long as the resources are needed by the countries concerned and are capable of finding a good sale on the world market. 2. To develop enterprises specialized in the production, assembly, and repair of all types of mechanical products. The equipment, technology, and component parts of the products should be provided by China and the products should be processed and assembled abroad and then sold on the world market. 3. To establish jointly managed contracting companies through joint investment and management so as to contract projects and expand cooperation in labor services. At present, China has 54 companies specialized in contracting international projects. These companies have a strong actual strength and rich experiences in constructing projects at home and abroad. They are capable of organizing the design, construction, and contracting of all types of industrial and civil construction projects; special projects; municipal works; the survey, development, and well-digging of the mines, highways, bridges, railroads, harbors, hydroelectric power stations, thermal power stations, and some other projects. 4. To use local resources and conditions to establish comprehensive enterprises capable of carrying out both industrial and agricultural production that is greatly needed by the relevant countries and whose products should first of all satisfy the domestic needs of the relevant countries. 5. To jointly run Chinese restaurants. Chinese cuisine has a long history and is well known in the world. In recent years, many countries have proposed to jointly run Chinese restaurants with our country. 6. To establish and run jointly managed enterprises that are capable of combining industry with trade and combining technology with trade. The Sino-foreign joint management of these enterprises will help China import advanced foreign technology, equipment, and component parts so as to serve China's domestic production, scientific research, and the technological transformation of China's existing enterprises.

When investing in running joint venture projects abroad, China should concentrate its efforts on medium-and small-sized enterprises and try its best to establish and run enterprises that require less investment but can produce quick economic results.

The Encouraging Results Produced by the Joint Venture Enterprises

Over the past few years, China has started and run 13 projects specialized in developing such resources as forestry, fishery, and minerals in foreign countries. The plywood factory built in Brazil by the Ministry of Forestry of China now produces 10,000 cubic meters of plywood annually and its production situation has been gratifying since October 1984 when it formally began operation. The Ministry of Forestry of China has also successfully carried out cooperation with the United States, Brazil, and some other countries in developing forest reserves. In the first half of 1985 only, over 500,000 cubic meters of log were transported to China from these countries.

In order to protect China's offshore resources and develop the deep-sea fishing industry, China has signed fishing cooperation contracts with Senegal, Guinea-Bissau, the United States, Sri Lanka, and three other countries. The deep-sea fishing fleet organized by China for the first time has begun operating in the sea areas of these countries. In October 1985, for the first time, Beijing residents tasted fresh fish shipped from West African sea areas. It is predicted that in 1 or 2 years, there will be a significnt increase in the catch of deep-sea aquatic products.

China is now actively cooperating with Australia, Canada, and some other countries in opening up iron, bronze, diamond, and gold mines, some of which will go into production in 1986.

Besides, China has also jointly invested in and established 19 international construction companies with businessmen from Nigeria, Cameroon, Rwanda, Thailand, the Yemen Arab Republic, and the Hong Kong and Macao regions. These construction companies have been cooperating with other foreign construction companies in contracting overseas projects. Over the past few years, these companies have altogether contracted construction projects involving several hundred million U.S. dollars and have achieved marked successes. In addition, a number of Chinese restaurants either wholly invested by China or jointly invested by China and foreign businessmen is now spread over more than 10 foreign countries. Over 100 cooks who come from Sichuan, Guangdong, Beijing, Shanghai, Liaoning, and other provinces and cities to work in these overseas Chinese restaurants have earned nearly U.S. $3 million of foreign exchange for China with their special Chinese gastronomic skills.

N.Y. TIMES REPORTER DETAINED IN BEIJING

HK180104 Hong Kong AFP in English 0037 GMT 18 Jul 86

[Text] Beijing, Jul 18 (AFP) -- A U.S. newspaper reporter was detained here early Friday morning after he attempted to leave for Hong Kong following a visit to an area of China off limits to foreigners, a friend of the reporter's said.

John Burns, Beijing correspondent for THE NEW YORK TIMES, was being held in detention centre here where he was expected to remain for "a week or ten days, but was hoping it will be less," said a friend of Mr. Burns who answered the phone at his home.

Mr. Burns had attempted to board a plane to Hong Kong on Thursday but was prevented by Chinese officials and subsequently detained, said the friend, who declined to identify herself.

The detention was in connection with a trip to a northwestern China that Mr. Burns made recently with a U.S. friend on a Chinese motorcycle with a sidecar, the friend said. The pair had intended to travel from Beijing, through Mongolia in the northwest, to Sichuan in the southwest but were stopped by Chinese officials when they attempted to pass through a closed area, sources close to Mr. Burns said.

Mr. Burns has returned to Beijing about 10 days ago and was not known to be in trouble with the Chinese authorities over the incident.

A spokesman for the U.S. Embassy said that they had yet to receive any information about Mr. Burn's situation but noted that as he was a British citizen the matter might be handled by the British embassy. British officials could not immediately be reached for comment.

Official Declines Comment

HK180844 Hong Kong AFP in English 0836 GMT 18 Jul 86

[By Lawrence Macdonald]

[Text] Beijing, July 18 (AFP) -- The United States on Friday expressed strong concern over the detention of NEW YORK TIMES correspondent John Burns, who was reportedly being investigated on possible spy charges here.

A spokesman for the Beijing Public Security Bureau refused to discuss details of the case against Mr. Burns, who was stopped at Beijing airport early Thursday and taken to a detention center after 15 hours interrogation. "The case is currently under investigation, so there is nothing to tell," the spokesman said in China's first public comment on the detention. He said there was not likely to be any new information for at least a day.

(THE NEW YORK TIMES reported that Chinese officials in Beijing had told a U.S. diplomat that Mr. Burns, 41, was being investigated on suspicion of "entering an area forbidden to foreigners, gathering intelligence information and espionage.)

A U.S. Embassy spokesman said "we have expressed our very strong concern to the Chinese authorities," and were seeking further information. U.S. officials declined to comment on THE NEW YORK TIMES report.

The spokesman for the Beijing Public Security Bureau declined to say what Mr. Burns was being investigated for or how long he might be held. He advised reporters to call back "in a day or two."

The incident was the most serious between Chinese authorities and a foreign correspondent since (?1980) when Tiziano Terzani, an Italian journalist working for the German magazine DER SPIEGEL, was expelled for allegedly illegally exporting Chinese cultural relics.

The last American known to have been expelled from China for espionage was Lisa Wichser, an American teacher who was held incommunicado by Chinese police for three days of a week-long detention in late May and early June 1982. Miss Wichser, who was at the time engaged to a Chinese student, was released and expelled after signing a confession, but denied after her return to the United States that she ever had been a spy.

Mr. Burns, a British citizen, was detained as he attempted to leave with his wife and two children for a vacation in Hong Kong and Canada, family friends said. His wife, Jane Scott-Long, remained with him throughout a 15-hour interrogation at the airport, one friend said.

(THE NEW YORK TIMES said Mr. Burns and his wife were then brought back to their apartment in Beijing, where 10 security men with videotape cameras conducted a systematic search.)

It was then that Mr. Burns managed to send a cable to his office in New York and to talk briefly with an editor on the telephone.

Mr. Burns was held in the Pao Zhu detention centre in northern Beijing where he was expected to remain for "a week or 10 days, but we hope less," said the friend, who declined to give her name. The journalist's wife was not available for comment.

Embassy officials said the United States was concerned about the incident because Mr. Burns represented a U.S. newspaper. They said they were in contact with the British Embassy, which has also expressed its concern to Chinese authorities.

A friend at Mr. Burns' residence said the detention was in connection with a trip through the countryside he made recently with a visiting U.S. professor on a Chinese motorcycle with a sidecar. The pair had intended to travel from Beijing, through Mongolia in the northwest, to Sichuan in the southwest. But they were stopped by local officials as they passed through a closed area in northwestern Shaanxi Province, sources close to Mr. Burns said.

The pair, who were travelling with a Chinese companion, were instructed to write self-criticisms which they were told would not be used against them, the sources said.

Mr. Burns had frequently complained to friends that foreign backpackers travelling on their own through China had seen much more of the country than Beijing-based correspondents.

IMPACT OF TRADE PROTECTION BILL ON SINO-U.S. TRADE

HK180457 Beijing GUOJI SHANGBAO in Chinese 10 Jul 86 p 3

[Article by Zhang Yuqing [1728 3768 0615]: "Impact of the New U.S. Trade Protection Bill on Sino-U.S. Trade"]

[Text] On 22 May, the U.S. House of Representatives approved a new trade protection bill, requiring the U.S. Government to negotiate with its major trading partners who have trade surpluses in their trade with the United States and to retaliate against the countries who have violated U.S. trade regulations and implement an import quota system against them.

This bill, which is entitled the "reform of trade and international economic policies bill, 1986," extensively revises and supplements a series of existing U.S. administrative trade laws and regulations and is filled with trade protectionism. In the main, this bill is not directed against China, but once it formally becomes law, it will certainly seriously affect Sino-U.S. trade.

First, there will be even more stringent restrictions on the export of Chinese products to the United States, including the excessive requirements of the U.S. "antidumping act," "antisubsidization act," "Article 201 on Immunity," and "Article 406 on countries of nonmarket economy." For the new bill relaxes the conditions for prosecution in all these acts and articles, enlarges the scope of prosecution, and adds punishment clauses to them. This can roughly be analyzed as follows:

The scope of interested people has been enlarged. For example, producers of primary agricultural products can be interested parties affected by the industry that processes agricultural products and are empowered to invoke the "antidumping act" to sue against dumping of imported processed agricultural products.

Cumulative calculation means that the effect of the dumping of products (no matter how large the volume of the import of the products) by two or more countries can be taken into consideration in totality. At the same time the effect of the government or nongovernment subsidies on the sales of products of the same kind should be taken into consideration together with the above cumulative effect of dumping. Certainly, this will make it more possible for people to regard the import of products as being "harmful" to U.S. industry. It introduces the concept of "export goals" in applying the legislation. In other words, on the question of whether any harm has been brought to U.S. industry, it is necessary to consider whether the import of the commodities is directed against a certain sector of U.S. industry. It also introduces the concept of "indirect dumping."

The question of whether that kind of products are being dumped in other GATT members. If the answer is in the affirmative, it means that the products constitute a threat to U.S. industry and an antidumping tax should be imposed on them.

An article on "inspecting later products" has been introduced. In other words, if an antidumping tax above 15 percent was imposed on a certain raw material or component in the past 5 years, the U.S. Department of Commerce can inspect the exports to the United States of finished products made from this raw material or component. If it finds that the volume of import of these finished goods increases by more than 5 percent each quarter, the U.S. Government will consider imposing a higher tariff on them.

U.S. companies are allowed to sue on their own for damages from the dumping of foreign commodities. As a result, in addition to paying higher tariffs on the so-called dumped commodities, foreign exporters have to pay huge amounts of damages.

In addition, last year, the U.S. International Trade Court decided that the antisubsidization act applied to countries of nonmarket economy. If the U.S. Federal Appeals Court makes the same decision, then the "antisubsidization act" will constitute a serious threat to China's exports to the United States, particularly because the new trade protection bill revises and adds many more stringent clauses to the "antisubsidization act."

Finally, according to the bill, procedures will be simplified for the United States to enlarge the scope of commodities that it exports to China.

In Sino-U.S. trade, there has always been a trade deficit unfavorable to China, of which the accumulated total amounts to over $16 billion. The new U.S. Trade Protection Bill will only further aggravate this and thus seriously hinder the normal development of trade between China and the United States.

U.S., USSR TO DISCUSS LIMITING NUCLEAR TESTS

OW170638 Beijing XINHUA in English 0611 GMT 17 Jul 86

[Text] Washington, July 16 (XINHUA) -- The White House announced today the United States and the Soviet Union have agreed to hold an expert-level meeting to discuss issues on limiting nuclear tests but not on nuclear test ban.

Meanwhile at the State Department today, spokesman Bernard Kalb ruled out the possibility that the United States will join the unilateral Soviet moratorium on nuclear testing.

The White House announcement came following a statement made by Soviet Foreign Minister Eduard Shevardnadze in London today that Washington and Moscow have agreed to resume talks on a comprehensive nuclear test ban treaty.

White House spokesman Edward Djerejian said that the United States has long sought a meeting with the Soviets "to present our concerns about the verification provisions" of the two existing test limitation treaties signed in the 1970's -- the threshold test ban treaty and the peaceful explosions treaty. He added that the two sides have agreed to begin the talks "without preconditions."

However, he said, "We are willing to listen to views, including Soviet views, on comprehensive test ban or any other issues related to nuclear testing. However, he stressed, a comprehensive test ban is "a long-term objective" that can be achieved only when the United States "does not need to depend on nuclear deterrence to ensure international security and stability."

At the State Department, the spokesman said that the extension of the Soviet moratorium on testing is an issue for the Soviet Union to decide. As far as the United States is concerned, "a nuclear testing moratorium is not in our security interests nor in that of our friends and allies," he declared.

RENMIN RIBAO ON TIAN JIYUN'S TRIP TO DPRK

HK171207 Beijing RENMIN RIBAO in Chinese 16 Jul 86 p 7

["Newsletter From Korea" by RENMIN RIBAO reporter Xu Baokang and XINHUA reporter Gao Haorong: "China and Korea Are Dear to Each Other as Brothers, and Their Friendship Is Cemented With Blood"]

[Text] A silver eagle carrying the Chinese party and government delegation left Pyongyang's airport and thrust into the skies. At the airport, tens of thousands of the masses of Pyongyang city were still waving national flags of both China and Korea and bouquets in their hands to bid farewell to the Chinese party and government delegation.

The Chinese party and government delegation headed by Tian Jiyun, member of the CPC Central Committee Political Bureau, member of the CPC Committee Secretariat, and vice permier of the State Council, came to Pyongyang and spent 5 significant days in the city to take part in the activities marking the 25th anniversary of the signing of the China-Korean Treaty of Friendship, Cooperation and Mutual Assistance. Once the Chinese comrades set foot on the beautiful land of Korea, they were warmly welcomed and cordially treated by the Korean comrades. They were immersed in an atmospere of friendship. Some 6,000 people in Pyongyang held a rally to make the occasion, and some 50,000 people in Nampo participated in a rally to welcome the Chinese delegation. The Korean artists performed songs and dances permeated with friendly feelings, and youngsters in Pyongyang performed a large group callisthenics exercise to sing the praises of Sino-Korean friendship and the achievements of China in the four modernizations program. The Chinese comrades were deeply touched by this moving scene. The Korean comrades maintained that the visit of the Chinese party and government delegation was an encouragement to the Korean people, and that the visit demonstrated the friendship between the two countries to the people of the world. When talking about this, Comrade Tian Jiyun said with deep feeling: All this has made the Chinese comrades deeply feel once again that the Korean party and government value the friendship between the two countries above everything else, and that the Korean people have cherished a deep love for the Chinese people. All this has made the Chinese comrades further believe that the great friendship between the Chinese and Korean people, which is cemented with blood, has been deeply rooted in the hearts of the two peoples and that no force on earth can destroy it.

On this happy occasion, the Chinese and Korean comrades reviewed together the course of struggle in the 25 years since the signing of the treaty. They were unanimously satisfied with the development of friendly and cooperative relations between the two countries in the fields of politics, economy, culture, and so on. All these are truly a fact. Over the past 25 years, in accordance with the spirit of the treaty, the Chinese and Korean peoples have mutually cooperated, aided and learned from each other. This has become a good practice. During the short stay of the Chinese party and government delegation in Korea, the Chinese comrades learned much precious experience from Korea. On 11 July, during the Chinese delegation's visit to the Pyongyang People's Great Study Hall, Vice Premier Tian Jiyun had a careful look of the facilities of the hall and kept raising questions about the management of the hall. He told Im In-ok, deputy director of the People's Great Study Hall, about his impression of the hall: The people's Great Study Hall is not only a library but a complex educational facility which is of great importance to the enhancement of the cultural and intellectual standard of the whole society and which can foster a large number of qualified personnel. We should learn from you. [paragraph continues]

At Nampo Water Gate, the Chinese comrades toured with great interest the 8-kilometer long dike and the huge ship lock that lie across the wide river and watched a ship of 10,000 tonnage passing through the ship lock after the 1,000-ton revolving bridge was opened. They highly appreciated the Korean people's wisdom and ability. After writing some remarks in the visitors' book, Vice Premier Tian Jiyun said: This is a great project of vital and lasting importance which will bring tremendous benefits to the Korean people. Kang Kon Military Officers' Complex Training School is a well-known military school in Korea. After watching a military drill performed by the students of this school, Vice Premier Tian Jiyun praised the school for its "strict requirements, scientific training, and efficient operation," saying that the Chinese Army will learn from its Korean counterpart.

What has moved the Chinese delegation is that the Korean people have never forgotten the Chinese people's support and cooperation. When briefing the Chinese guests on the progress made by the People's Great Study Hall in exchange of books with foreign counterparts, Im In-ok, deputy director of the hall, expressed his special thanks to General Secretary Hu Yaobang, who presented 15 books to the Great Study Hall when he visited Korea in 1982. On 12 July President Kim Il-song met with the Chinese party and government delegation and the CPC goodwill visiting group headed by Wang Fang, secretary of the Zhejiang Provincial CPC committee. He asked Xu Huizi, deputy chief of the General Staff, who was present at the meeting: "How many times have you been to Korea?" Xu Huizi told the president that this was his second visit to the country; he joined the army and went to Korea to fight against the U.S. invading forces when he was 20 years old; then he returned home in 1953. On hearing this, President Kim said: "Thank you." At an evening banquet, President Kim told Wang Fang that the bamboo saplings he had brought home from Hangzhou during his visit to the city in 1958 were transplanted in Kaesong and its vicinity, and all were growing well. He said: Whenever I see that luxuriant bamboo, I immediately think of Hangzhou."

The Chinese and Korean peoples have always closely united with each other, sympathized with each other, supported each other, and made common efforts to safeguard peace in Asia and the world. This relationship between the two peoples was fully displayed during the Chinese party and government delegation's current visit to Korea. At report meetings, mass rally, and commemorative banquets, speeches delivered by Vice Premier Tian Jiyun on behalf of the CPC, the Chinese Government, and the Chinese people repeatedly aroused warm applause among the Korean comrades present at the gatherings, whenever the vice premier praised the Korean people for their marvelous achievements made in their socialist revolution and construction and whenever he reiterated the Chinese people's firm support for all the fair and reasonable proposals put forth by Korea with a view to relaxing the tense situation on the Korean peninsula, to striving for peaceful reunification of the motherland, and to safeguarding peace in Asia and the world. We have had a deep impression of their feelings. The applause fully showed the Korean people's keen desire for a peaceful environment in which they can build their country and live, as well as their firm faith in the realization of the reunification of their motherland based on the principle of peace and great national unity with the initiative kept in their own hands. As the Korean people had made great national sacrifice in fighting against external aggression and defending their peaceful home, they profoundly understood the value of hard-won peace in light of their personal experience and their practice in the booming socialist construction. And that is the very reason why they especially cherish peace. [paragraph continues.]

The Korean leaders have not only vigorously supported the Chinese people in their great struggle for the reunification of their motherland but also highly appreciated the promising development and prosperity currently emerging on the vast territory of China, acclaiming all the changes which have proved that the CPC's line is correct and in keeping with the actual circumstances of the Chinese revolution as well as the Chinese people's interests and wish.

President Kim Il-song also appreciates and supports the efforts that China is currently undertaking. He cheerfully told Vice Premier Tian Jiyun, who was visiting Korea for the first time: Your country is undergoing a stage in which the new generation is replacing the old generation, and the young generation is now taking up leading posts. After Tian Jiyun briefed President Kim on China's reform and the progress of production in the country this year, President Kim repeatedly remarked: We have always supported what you did. The CPC has rich experience and has also taken some risks. It always handles things with a sure hand. So long as you have done a good job, we will have a strong rear base. We are really glad to see this.

"China and Korea are dear to each other as brothers; their friendship is cemented with blood." The Chinese party and government's delegation's visit to Korea has further consolidated and enhanced the friendship, cooperation, and unity between the Chinese and Korean peoples. We Chinese and Korean comrades wish that this friendship and cooperation will continue to develop in depth under the care of the leaders of the two countries and with the common efforts of the two peoples, and that the Sino-Korean friendship will blossom more splendidly.

DPRK CONDEMNS U.S. TRIPARTITE TALKS REFUSAL

OW180639 Beijing XINHUA in English 0546 GMT 18 Jul 86

[Text] United Nations, July 17 (XINHUA) -- A diplomat of the Democratic People's Republic of Korea (DPRK) today criticized the United States and South Korea for refusing a DPRK proposal for Tripartite detente talks among the military authorities.

Pak Il-yon, the permanent observer of DPRK to the U.N., told a press conference this afternoon that the U.S. forces and the South Korean side had refused under "unreasonable pretext" to receive a series of letters containing new proposals for peace talks sent by the Supreme Command of the Korean People's Army (KPA) to the Military Armistice Commission at the truce village Panmunjom.

He warned that "the situation in our country is becoming more acute and the deadlocked multi-channel North-South dialogues are in danger of breakup" owing to the rejection of the peace proposal by the U.S. and South Korean authorities and their continued policy of confrontation. "The United States and the South Korean side revealed themselves that their cry for detente, peace and dialogue is false and sham and they, in actuality, pursue confrontation and war only," Pak said.

He said the DPRK side "had no other choice but to send over radio the letters" addressed to the commander of the U.S. Eighth Army and concurrently commander-in-chief of the U.N. Forces in South Korea, and to the South Korean defense minister. "By opposing our proposal for talks of military authorities to take practical measures for detente and peace, they made it plain that the 'threat of southward invasion' over which they cry every day does not exist in fact and it is a fiction to justify the U.S. troops' occupation of South Korea and redress the internal crisis of South Korea," Pak said.

Meanwhile, DPRK's KOREAN CENTRAL NEWS AGENCY reported Wedresday that DPRK rejected a South Korean proposal to resume their suspended Red Cross talks, which aimed to reunite millions of Korean families separted when the Korean peninsula was divided at the end of World War II in 1945 and by the 1950-53 Korean war.

The talks were broken off in January as a result of a joint U.S.-South Korean military exercise in February. DPRK charged that the maneuvers, "Team Spirit '86", which ended in April, were provocative and offensive.

DPRK's Red Cross delegation rejected the proposal Tuesday saying, "military authorities concerned for the heightening of tensions should meet, before any other talks, and immediately take measures to ease the tensions."

NODONG SINMUN CONDEMNS ROK MILITARY EXERCISES

OW161125 Beijing XINHUA in English 0947 GMT 16 Jul 86

[Text] Pyongyang, July 16 (XINHUA) -- The Pyongyang press today strongly condemned the South Korean military exercise which started July 14. The six-day annual exercises -- code named "Ulchi 86" -- continue to create difficulties for the peaceful reunification of Korea and aggravate the tension on the Korean peninsula, the press reports charged.

In a commentary today, the Korean paper "NODONG SINMUN" said that because of the tension, the North-South Korean dialogue has not been reopened. The commentary added that now is the time for discussing the relaxation of tension, rather than talking about humanism and economic cooperation.

The exercises, which follow a series of earlier military exercises including the large-scale "Team Spirit 86" jonint U.S.-South Korean exercises held in February, are aimed at testing war preparations and dealing with emergencies.

LI PENG CALLS FOR MORE BALANCED TRADE WITH JAPAN

OW171753 Beijing XINHUA in English 1512 GMT 17 Jul 86

[Text] Beijing, July 17 (XINHUA) -- Chinese Vice-Premier Li Peng said here today Japan should buy more Chinese coal to help end the trade imbalance between the two countries. Li made the remark at a meeting preceding Friday's opening of a Japanese food technology exhibition in the Beijing Exhibition Hall. "I hope the exhibition will be a successful one," Li told a delegation of Japanese industrialists this afternoon.

He asked the Japanese to increase imports from China to solve problems of imbalanced bilateral trade. "With the development of China's economy, China can expect more coal to Japan while increasing its traditional exports," he said, adding that China is "willing to conclude a long-time cotton export agreement with Japan." The vice-premier also asked the Japanese to offer low-interest loans to support China's imports of Japanese equipment.

The 15-day exhibition, to be held in the Beijing Exhibition Center, will display food processing, circulation and storage equipment. Over 100 Japanese firms will take part. Also on display will be samples of China's leading processed foods.

PRC OFFICIAL CONDOLES ON LAO OFFICIAL'S DEATH

OW171206 Beijing XINHUA in English 0642 GMT 17 Jul 86

[Text] Beijing, July 17 (XINHUA) -- Chinese Vice-Minister of Foreign Affairs Liu Shuqing this morning went to the Lao Embassy here to offer condolences on the death of Faidang Lobaliayao, vice-president of the Supreme People's Assembly of the Lao People's Democratic Republic and vice-chairman of the Central Committee of Lao Front for National Construction.

Lobaliayao died on July 12th in Vientiane at the age of 76.

Wreaths presented by the Chinese National People's Congress Standing Committee, the National Committee of the Chinese People's Political Consultative Conference and the Foreign Ministry were placed in the memorial hall where a portrait of the late vice-president was hung.

DEMOCRATIC KAMPUCHEA LETTER URGES NEW SRV POLICY

OW161104 Beijing XINHUA in English 0702 GMT 16 Jul 86

[Text] Beijing, July 16 (XINHUA) -- The Kampuchean people have expressed the hope that Vietnam will change its aggressive policy and seek a settlement to the Kampuchean problem in accordance with the eight point proposal put forward by the Coalition Government of Democratic Kampuchea (CGDK).

The Kampuchean desires were expressed in an open letter sent to the Vietnamese people and their new leadership by the Kampuchean people on July 14, Radio Democratic Kampuchea reported today.

The letter said that the eight-year old war launched by Vietnam against Kampuchea has killed numerous Kampuchean civilians and put Vietnam itself in a difficult position militarily and economically. Now the Vietnamese authorities are very isolated from the rest of the world, it added.

The letter went on to say that the eight-point proposal is the best way to sovle the Kampuchean problem because it can ensure peace for both Vietnam and Kampuchea, to the interests of the peoples of both countries. Therefore, the Kampuchean people hope that the Vietnamese new leadership genuinely changes its aggressive policy in Kampuchea.

ZHAO ZIYANG CONTINUES EUROPEAN, AFRICA TRIP

Meets Overseas Chinese in Madrid

OW180015 Beijing XINHUA Domestic Service in Chinese 0626 GMT 16 Jul 86

[By reporter Yu Guangsheng]

[Text] Madrid, 15 Jul (XINHUA) -- Premier Zhao Ziyang cordially met this evening at the Chinese Embassy in Madrid with representatives of Overseas Chinese in Spain and local Chinese, Chinese students in Spain, and the staff of the embassy, and had a photo taken with them.

At 1930, when Premier Zhao and his entourage entered the embassy reception room in company with Cao Yuanzin, Chinese ambassador to Spain, they were greeted with warm applause by over 80 representatives of Overseas and local Chinese. Through them, Premier Zhao extended his warm regards to over 6,000 Overseas and local Chinese living in various localities in Spain. Premier Zhao expressed three hopes for them. He said: "First, I hope you foster a good relationship with the local people and get along well with them; second, I wish all of you success in your undertakings; third, I hope you make greater contributions to forging friendly relations between the Chinese and Spanish people."

The Spanish Overseas and Local Chinese Association presented a wall clock to Premier Zhao at the meeting. On the clock is written: "We are concerned about the motherland's four modernizations," to express the Overseas Chinese warm love for the motherland.

After Premier Zhao Ziyang's meeting with representatives of the Overseas and local Chinese, he met Chinese students in Spain and the staff of the Chinese Embassy in Madrid.

Arrives in Turkey

OW171416 Beijing XINHUA in English 1354 GMT 17 Jul 86

[Text] Ankara, July 17 (XINHUA) -- Chinese Premier Zhao Ziyang arrived here at 13:50 GMT today from Madrid for a seven-day official goodwill visit to Turkey. Turkey is the fifth leg of his current six-nation tour. He visited Yugoslavia, Romania, Greece and Spain before he came here and will proceed to Tunisia on July 23.

At a press conference in Madrid yesterday, Zhao said he achieved what he expected from his trip to Spain and added he is confident that relations between China and Spain will advance to a new level. Before his departure for ankara this morning, Zhao met Vice General Secretary Enrique Curiel of the Spanish Communist Party (SCP) and member of the SCP Secretariat Simon Snachez Montero in his living hotel.

Welcomed by Turkish Counterpart

OW171545 Beijing XINHUA in English 1500 GMT 17 Jul 86

[Text] Ankara, July 17 (XINHUA) -- Turkish Prime Minister Turgut Ozal gave a red-carpet welcome to Zhao Ziyang, the first Chinese premier to visit Turkey, at the Esenboga airport this afternoon.

Zhao's six-day visit to the Eurasian nation is the fifth leg of his Balkan-Mediterranean tour. The purpose of Zhao's trip is to broaden understanding, enhance friendship, promote mutual cooperation and maintain world peace. Zhao noted in a written statement that the friendship between China and Turkey dates to ancient times.

"The bustling traffic along the silk road illustrated the frequent trade exchanges between our two countries in ancient times," he said, "I am pleased that exchanges of visits and contacts between the leaders and personages of all circles of the two countries have been increasing in recent years, instilling continuously fresh vitality to the cause of Sino-Turkish friendship."

Ozal, in an interview with XINHUA Wednesday, said Turkish and Chinese people have opened a historic friendship road -- the silk road in ancient time, which started from China and ended in Turkey. Since establishing diplomatic relations in 1971, Ozal said, relations between the two countries have grown in all areas. "I sincerely wish the friendly relations between Turkey and China still greater development," especially in the economic sphere, he added.

After Ozal greeted Zhao, a Turkish girl presented Zhao a bouquet of flowers. Then, after the national anthems of both nations were played, Zhao and Ozal reviewed an honor guard.

Also at the airport to meet the Chinese premier were Turkish Deputy Prime Minister Kaya Erdem, Minister of State Mesut Yilmaz, Foreign Minister Vahit Halefoglu, Minister of Industry and Commerce Cahit Aral, Turkish Ambassador to China Behic Hazar and other high-ranking officials.

Chinese Ambassador to Turkey Zhan Shiliang, diplomats and staff members of the Chinese Embassy in Ankara, representatives of the Chinese students in Turkey also attended the ceremony. A dinner in Zhao's honor was scheduled this evening.

Talks With Turkish Prime Minister

OW172344 Beijing XINHUA in English 2335 GMT 17 Jul 86

["Chinese, Turkish Premiers Start Official Talks" -- XINHUA headline]

[Text] Ankara, July 17 (XINHUA) -- Chinese Premier Zhao Ziyang, shortly after his arrival here this afternoon on an official goodwill visit, met his Turkish counterpart Turgut Ozal for talks on bilateral relations and world issues.

The talks, which were a restricted session, lasted for over an hour and proceeded in a cordial and friendly atmosphere, a Chinese Foreign Ministry official said after the meeting.

Their exchange of views covered a number of international issues, regional problems and the ways for promoting the friendly and cooperative relations between their countries, the official added.

Present at the talks were their chief aides including Turkish Foreign Minister Vahit Halefoglu and Chinese Vice Foreign Minister Qian Qichen.

Zhao, Ozal Address Banquet

OW172340 Beijing XINHUA in English 2330 GMT 17 Jul 86

[Text] Ankara, July 17 (XINHUA) -- Chinese Prenier Zhao Ziyang and Turkish Prime Minister Turgut Ozal agreed that there are broad areas and great potentials for cooperation between their two countries, which had been linked by tha ancient "silk road" over 1,000 years ago.

Speaking at a banquet given here this evening by Turkish Prime Minster Ozal in honor of Premier Zhao, the Chinese and Turkish leaders outlined prospects for such cooperation, especially in the economic and technical fields.

Both China and Turkey are developing countries, said Premier Zhao, and it is their common task to shake off and end the state of underdevelopment. "We can and need to learn each other's strong points to offset each other's weaknesses and supply ech other's needs," said Zhao.

Premier Zhao flew in here from Madrid this afternoon on an official visit at the invitation of the Turkish Prime Minister. This is the fifth leg of his Balkan-Mediterranean tour.

In his toast at the banquet, Turkish Prime Minister Ozal reviewed with satisfaction the new development and expansion of the traditional ties between Turkey and China.

If the economic relations between the two countries should reach the level compatible to the potentials of the two countries, the prime minister said, it will not only be beneficial to the people of both countries but also set an example in south-south cooperation.

The two premiers met for official talks prior to the banquet.

Further on Banquet Remarks

OW172356 Beijing XINHUA in English 2340 GMT 17 Jul 86

["World Future Hinges on People's Will and Struggle, Says Chinese Premier" -- XINHUA headline]

[Text] Ankara, July 17 (XINHUA) -- The future of the world depends on the will, determination and struggle of the people of all countries, said Chinese Premier Zhao Ziyang here this evening.

Speaking at a banquet given in his honor by Turkish Prime Minsiter Turgut Ozal, Zhao said each nation, big or small, strong or weak, rich or poor, can contribute its share to maintaining world peace.

The Chinese premier arrived here this afternoon after a four-day visit to Spain. This is the fifth leg of his Balkan-Mediterranean tour. He has completed visits to Romania, Yugoslavai, greece and Spain and will visit Tunisia later.

The main purpose of the visit is to boost China's relations with these countries and seek peace in the world, the Balkan and Mediterranean regions in particular.

He drew attention to the recent escalation of military conflicts and war in the Mediterranean and the Middle East, sayng that has not only aggravated the turbulent situation in the areas but also directly jeopardized international security.

He condemned the two superpowers for their contention and arms race, which, he said, have posed a serious threat to world peace and made the long-drawn-out regional conflicts last, unsettled.

The Chinese premier praised the Turkish Government and people for their efforts to develop the economy internally and to develop relations of friendship and cooperation with other countries and seek stability and peace in its own region, ease the tense international situation and safeguard world peace.

Turkey, with a geographical location that links the East with the West, has a unique role to play in international affairs, the premier said.

Turkish Prime Minister Turgut Ozal said that Turkey would "conscientiously and firmly perform its obligations in the effort for peace and security in both its own region and the world as a whole."

He said that the policy of peace pursued by the Turkish Government dictated that this country intends to settle issues with other countries, especially with neighboring countries, through dialogue and by peaceful means.

Though Turkey is a European country politically, its geographical location determines that it puts much importance to developing relations with the Middle East and Asian countries and safeguarding peace and stability in the regions.

He called for a just and lasting settlment of the issues in the Middle East, between Iraq and Iran in Afghanistan, Kampuchea and southern Africa.

The prime minster reiterated his support for the sincere efforts for disarmament that will stand the test of the times, so as to prepare a good environment for world peace and put the existing resources to the most extensive use for the development of various countries.

He criticized the protectionist tendencies of industrialized countries, which, he said, have gone so far as to obstruct the efforts by developing countries to invigorate their economies.

XINHUA ANALYZES ITALY'S 'POLITICAL CRISIS'

OW141952 Beijing XINHUA in English 1737 GMT 14 Jul 86

["News analysis: Italy's Political Crisis Deepens (by Yu Zailin)" -- XINHUA headline]

[Text] Beijing, July 14 (XINHUA) -- Italy has recently plunged from its greatest political stability for 40 years into a crisis so severe that it might lead to a premature general election.

Italy's two-week-old political crisis worsened on Friday as outgoing Prime Minister Bettino Craxi's Socialist Party formally rejected the choice of caretaker Foreign Minister Giulio Andreotti, a veteran Christian Democrat, as head of Italy's 45th postwar government.

"The crisis has been pushed into a blind alley, we will do what we can to get out of it, but it will not be easy," said Craxi, who resigned on June 27 after losing a secret vote in Parliament on a local financing bill but has remained on as caretaker premier.

President Francesco Cossiga gave the 67-year-old Andreotti, who has been Italian premier five times, a mandate to end the government crisis and form a new government following two weeks ofd unsuccessful attempts to revive Craxi's fallen coalition of Christian Democrats, Socialists, Republicans, Liberals and Social Democrats.

Premier-designate Andreotti, who starts intensive talks today with all political party leaders on resolving the government crisis, faces enormous difficulties and his chances of constructing a viable administration seem slim.

The Socialists, the third largest party in Italy and one whose participation is essential if Andreotti is to form a government with a majority in Parliament, are openly hostile to his efforts.

Clandio Martelli, Craxi's right-hand man, said the Socialist rejection was not aimed at Andreotti personally but at "the brutal and unilateral" manner in which the Christian Democrats are seeking to assert "their domination of the political life of the country and the leadership of the government."

The Socialists have accused the Christian Democrats, Italy's largest party, of deliberately maneuvering to ousted Craxi from the premiership, despite the success of his government in bringing stabilty to Italy.

They also claimed that, by custom, President Cossiga -- a Christian Democrat -- should have given Craxi the first opportunity to form a government. Finally, they argued that Andreotti's candidacy was not the result of consultations between the five coalition parties, but a unilateral Christian Democrat decision.

Observers said the root cause of the crisis, which brought down Craxi's 34-month-old government, was non-stop squabbling between the Christian Democrats and Socialists.

Since Craxi's governoment fell, the power struggle between the two parties has centered on the premier's post. The Socialists want another Craxi-led government for an unlimited term. But the Christian Democrats said Craxi, who has served for a postwar record of nearly three years, should either hand over the premiership by the end of this year or keep it until general elections in 1988 on the condition that a Christian Democrat would be prime minister for the next five years.

In recent days the government crisis has worsened and the danger of early elections increased as the Socialists and Christian democrats apparently moved further away from a compromise.

In these circumstances, Andreotti might eventually beforced to form a minority government or admit defeat. In either case a general election would likely follow, possibly as early as the autumn and nearly two years ahead of schedule.

Political analysts said if Andreotti cannot reach agreement with the Socialists, one possibility is a Christian Democrat minority government through the rest of the summer, what the Italians call a "seaside" cabinet.

Should Andreotti fail to form a new government, early elections are also possible, analysts said. The next polls are not due until 1988, the end of the current parliamentary term.

Leaders of the three other coalition partners -- the Republicans, Liberals and Social Democrats -- said that early elections may be necessary unless the two major parties come to terms. No party has a majority in Parliament, and both the Socialists and Christian Democrats have refused to govern together with the Communists, Italy's second largest party.

The Socialists clearly hope Conssiga will offer Craxi the next chance to patch together the coalition if Andreotti's attempt fails because of the Socialist refusal to support him. But in view of the Socialist rejection, political analysts doubted the Christian Democrats would back a Craxi bid.

Not long ago, Italy still appeared to be enjoying the benefits of its most stable political period since the foundation of the Republic in 1946, with Socialist Premier Craxi at the helm of a five-party coalition government, the 44th and longest-lived of Italy's postwar administrations.

Craxi had won international prestige for his stewardship over a period of unaccustomed stability which helped Italy make important economic gains, including a sharp cut in inflation, and greatly improved the country's image abroad.

On July 4, President Cossiga gave Senate President Amintore Fanfani "an exploratory mandate" to mediate the crisis, but Fanfani's mission did not lead to a breakthrough.

The period of stability under Craxi appears to have hidden a simmering dispute between his Socialists and the Christian Democrats which finally erupted following a Sicilian regional election last month.

Andreotti has been foreign minister since Craxi's government was formed on August 4, 1983. He supported Italy's close ties with the United States and NATO membership, but also called for better relations with the Soviet Union.

The start of the crisis on June 26 took Craxi by surprise. He was forced to rush back from a European community summit in The Hague and the depth of the crisis shocked and astonished the public and many political commentators. Now it seems a continuation of the deadlock could lead to premature elections or at the best to a short-term minority government to tide the nation over the summer season.

REGULATIONS ISSUED ON NUCLEAR PLANT SAFETY

OW171034 Beijing XINHUA in English 1015 GMT 17 Jul 86

[Text] Beijing, July 17 (XINHUA) -- China issued four sets of regulations on the safety of nuclear power plants on July 7, the National Nuclear Safety Administration (NNSA) told XINHUA today.

The four sets of regulations are about the siting, designing, operation and quality assurance of nuclear power plants, said Shi Guangchang, deputy director of NNSA, which drafted the regulations.

"Safety regulations on the siting of nuclear power plants" say that detailed surveys and evaluation must be made as to the necessary natural and man-induced events relating to the site of a nuclear power plant.

The events refer to those that might affect the safety of nuclear power plants, including rainfall, flood, wind, wave, earthquake, surface movement, plan collision, and forest fire.

This set of regulations stipulates in principle the detailed requirements for seismic and population evaluation, atmospheric dispersion, hydrogeology, foundation safety, plant site surveys, flood, meteorology and radiation protection.

According to the "safety regulations on the design of nuclear power plants," the design of a nuclear power plant, especially that of relevant structures, systems and parts of the plant must accord with safety requirements. And an appraisal must be made of postulated initiating events that might be believed to affect the safety of the nuclear power plant, and protective measures must be planned.

Multi-protective screens must be designed to prevent radioactive fallout.

Drawing lessions from the Three Mile Island incident in the United States, this set of regulations stipulates that the work environment must be designed in line with the principle of human engineering. The regulations also list detailed requirements for the design of reactor cores, components, meters and intruments control, protection system, cooling system, emergency power system, safety containment system, radiation protection, fuel loading, unloading and storage system, and explosion-proof, fire-proof, security and emergency measures.

"Safety regulations on the operation of nuclear power plants" set forth stipulations for the commissioning, operation, maintenance and decommissioning of such plants and the total responsibility for the safe operation on the part of the operating organization. Nuclear power plants must accept NNSA supervision over their safe operation.

The operating organizations must have an adequate number of competent operation managers and operators who have the licence for guiding and operating nuclear power plants after training and examinations.

Nuclear power plants must have the license for their commissioning and operation after they are examined and approved by NNSA.

"Safety regulations on the quality assurance of nuclear power plants" require all organizations involved in nuclear power plant projects must carry out relevant programs on quality assurance. They also set strict demands on documentation and records relating to these projects.

At present, China is building two nuclear power stations, Qinshan in east China's Zhejiang Province, which is designed by China itself and has a designed generating capacity of 300 mw, and Dayawan in south China's Guangdong Province, which has a designed generating capacity of 1,800 mu and its equipment is imported from France and Britain.

Appropriate development of nuclear energy constitutes part of China's policy on boosting the country's power industry.

France To Assist in Safety Checks

HK180729 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1414 GMT 17 Jul 86

[Report: "Jiang Shegjie Says China and France Will Jointly Check the Safety of the Daya Bay Nuclear Power Plant"]

[Text] Beijing, 17 Jul (ZHONGGUO XINWEN SHE) -- Today Jiang Shengji, director of the Chinese Nuclear Safety Bureau, told this reporter that the Chinese and French departments concerned reached an agreement not long ago to jointly check and approve safety at the Daya Bay Nuclear Power Plant.

France has rich experience in checking and approving nuclear power plant safety and it will provide gratis to the Chinese side the data and materials needed for checking nuclear power plant safety, he said.

Jiang Shengji said: China bought nuclear power equipment from France, because it has strict quality control standards and its equipment is of high quality. France has developed nuclear power faster than any other country in the world, at a rate of 4 to 5 reactors a year. Nuclear power-related products made by France, such as pressure shells and pressure pumps have a good reputation in the world.

According to Jiang Shengjie, China will buy analog machines for nuclear power operation training from foreign countries to train its operators and then send them to other countries to receive an on-the-job operational training. Before taking a job in the operation and management work of nuclear power plants, all operators must obtain certificates of qualification issued by the State Nuclear Safety Bureau after an examination. China will also strictly select nuclear power operators, stressing that their intelligence and ability to cope with emergencies must be higher than those of personnel in conventional power plants.

DECISION ON ABOLITION OF FEC'S STILL PENDING

HK171054 Hong Kong AFP in English 1042 GMT 17 Jul 86

[Text] Peking, July 17 (AFP) -- China has yet to decide how and when to abolish foreign exchange certificates (FEC), the special currency that has spawned a thriving black market, a senior Chinese banking official said Thursday.

"The departments concerned have yet to make a final decision," Zhu Xingxing, chief of China's Foreign Exchange Management Bureau said in a telephone interview.

"The abolition of the FEC is not a simple matter that can be accomplished in a day or two. It concerns the continued implementation of the open policy and other related questions, he said.

Mr Zhu curtly dismissed remarks by Qian Jiaqu, a leading Chinese economist, who was quoted in a Hong Kong newspaper Thursday as saying that Beijing had "fixed a date in the near future," for the withdrawal of the FEC.

"Qian Jiaqu is only a member of the People's Political Consultative Conference," he said, referring to the economist's post in China's honorary but powerless body of academics and other non-communists.

"He has never participated in any important meeting concerning the abolition of the FEC. Therefore his point of view cannot represent a formal decision by the state but only his individual guess."

(Mr Qian, who spoke with the Hong Kong newspaper while on a visit to the neighbouring Shenzhen Special Economic Zone, was reported to have come at the invitation of Shenzhen's mayor to study the zone's economy.)

Speculation about the abolition of the FEC, which has the same official value as the yuan but has traded on the black market for up to 70 percent more, has mounted since Chinese officials announced last April that the special notes would eventually be abandoned.

Trading in Chinese currency is strictly controlled by the government, which has cut the yuan's value by about 60 percent against foreign currencies in the past two years, including a 16 percent devaluation this month.

Analysts said the devaluation was moving in the direction of creating a currency whose official value was closer to its market value, but Chinese leaders have said that withdrawal of the FEC is separate from the question of having a freely-traded Chinese currency.

The issue is critical to foreign ventures doing business in China and taking as much of their income as possible in FEC, which they can exchange directly for foreign exchange.

Rumours about the FEC's impending withdrawal have had their strongest effect among urban Chinese, who until recently paid steep black market rates for the notes in order to buy imported consumer goods not otherwise available.

In recent months such people are no longer seeking FEC's so avidly but instead hoping to change their accumulated stores directly for U.S. dollars, observers said.

ECONOMIST ON IMPORTANCE OF ECONOMIC INFORMATION

HK160711 Beijing RENMIN RIBAO in Chinese 12 Jul 86 p 2

[Article by Qian Jiaju: "We Should Attach Importance to Economic Information"]

[Text] On 5 July, People's Bank of China president Chen Muhua announced that as of 5 July the exchange rates of renminbi against foreign currencies were to be adjusted downward by 15.8 percent, namely, the exchange rate of $100 against 320 yuan in the past was due to be adjusted to $100 against 370.36 yuan.

In economically developed countries, an important decision like this would certainly be carried as a major news item on the front page, along with a list of the new exchange rates. This is because it will have a great effect on China's import and export trade (I support this decision because it can stimulate our exports and restrict our imports). However, of the newspapers I saw, only RENMIN RIBAO carried this news on the front page. With the exception of the new exchange rate between renminbi and the U.S. dollar, there was no news about the rates between the renminbi and other foreign currencies, such as the Japanese yen, the Hong Kong dollar, DM, Franc, and the British pound in RENMIN RIBAO, GUANGMING RIBAO, or BEIJING RIBAO on 6 July. What is stranger is that some newspapers, which regard reporting economic news as their duty, have failed not only to publish the new exchange rates but also to carry Chen Muhua's talk. This is really quite surprising. This shows that these newspapers attach little importance to economic information.

LIAOWANG ON HANDLING CONTRADICTIONS WITHIN CPC

HK171311 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 28, 14 Jul 86 p 1

["Letter From Beijing" by Bao Xin: "On How the CPC Handles Contradictions Within the Party"]

[Excerpts] Dear brother: In commemoration of the 65th anniversary of the founding of the Chinese Communist Party on 1 July, Chinese papers published the speech of Hu Yaobang, CPC Central Committee secretary general, "The Question on the Correct Handling of the Two Kinds of Contradictions Within the Party." At the time of the speech's publication, correction of party style and party rectification work were in progress; reforms were being carried out; and an atmosphere of democracy, loosening up, and harmony were being shaped. Thus, the importance of this speech goes without saying. While it dealt with the question of correctly handling contradictions within the party, however, due to the leading and ruling position of the CPC in the country, the issue is also of great significance outside the party and in the entire country. If contradictions within the party could be properly handled, this could set an example, give impetus to the correct handling of contradictions among the people, and consolidate as well as develop stability and unity in the country. [passage omitted]

Viewing the contents and manner of manifestation of contradictions, Hu Yaobang in his speech classified internal CPC contradictions into two categories: One is contradictions involving differences of opinion in work and understanding; the other is contradiction of personal interest with the interest of the party and the people. This corresponds with the CPC's reality. Some people overseas exaggerated the contradiction within the CPC; a few even conjured up stories of the CPC being divided into "two factions," so-called "consvervatives" and the other, so-called "reformers." Still others went to great length to describe the "struggle for power" within the CPC. Due to differences in experiences, education, and of perspective in the deliberation of issues, people have differing proposals and opinions in work in understanding. This is a common phenomenon in life and is indeed normal. How can they be casually tagged as "x xx factions"? During the "Cultural Revolution," factionalism was indeed quite rampant for a while. People were divided into "loyalists," "rebels," "indifferents," etc. This was the doing of the "gang of four," whose purpose was to attack people. Today, the pernicious effects of such factionalism have been gradually eliminated. As for a "power struggle" among party members now, there are certainly some people who have inflated individualism and are overly ambitious for power. They would spare no effort to achieve personal gains, even to the extent of seriously violating the law. This kind of people gravely jeopardize the interest of the party and the people. They cannot be tolerated by party and state law and must be rectified. This cannot be said to be "power struggle within the CPC." [passage omitted]

As for the very small nunber of antagonistic contradictions, such as serious violations of economic law and serious law infringements in other aspects, it is necessary to apply party and state laws. If not sternly handled, not only would the people's anger not be pacified it could also foment evil trends, set bad examples for other cadres, and have a corrupting effect. At present, the CPC's handling of this kind of contradiction tends primarily to be soft. Some major incidents were even toned down, and minor ones turned out to be no problem at all. In order to overcome this weak approach, the CPC has ordered the central bodies to take the lead to conscientiously strengthen the political life of party organization at all levels, strengthen democratic centralism, and enforce strict party discipline. Naturally, violators of the law will be treated according to the law.

On the question of handling contradictions within the party, the CPC has had numerous experiences and lessons, including some extremely painful ones. Today, at a critical time of comprehensive reform of the economic structure, it is timely that the CPC leaders have brought up the question of properly handling two kinds of contradictions within the party. This would help continue promoting the fine political and economic situation at present.

Yours truly,

[Signed] Bao Xun

[Dated] 6 July 1986

RENMIN RIBAO ON REFORM, THEORETICAL FLOWERING

HK161018 Beijing RENMIN RIBAO in Chinese 11 Jul 86 p 5

[Article by Da Jiang: "Practice in Reform Calls for Flourishing Theories -- Comments on the Shanghai Cultural Development Strategy Seminar"]

[Text] The sun shone brightly and the wind blew gently in Shanghai this May, where music of reason, a blend of calmness, leisureliness, activity, and liveliness was played. Some 300 people, including theoretical and practical workers, leading comrades from the Central Propaganda Department, the Ministry of Culture, and the municipal CPC committee, and veteran fighters on the cultural front, assembled in a hall to discuss things on an equal footing, each airing his own views, and to jointly explore Shanghai's cultural development strategy. A variety of different opinions were expressed in heated discussions. While sharing similar views on the goals, the participants at the meeting reserved differences with pleasure. Although the topics under discussion were unrestrained and far-ranging, the central topic was clear and definite, and although the participants had their own views, their goals were identical. The seminar stirred up enthusiastic discussions on reform, opening up to the outside world, science, and democracy, not only among the participants but also outside the meeting.

This is Shanghai's "cultural fad," as people have called it recently.

Praise and Censure of the "Shanghai Style"

In discussing cultural affairs in Shangai, people will naturally touch on the "Shanghai style," which has a long history. The "Shanghai style" of the past was related to concessions, which were related to foreigners and big commercial firms. In traditional views, commerce is despicable; moreover, concessions were the product of the policy of aggression of the imperialists. Therefore, the "Shanghai style" has always had a bad reputation. Sometimes, it was almost regarded as the synonym of imperialism, capitalism, and bourgeoisie. Today, 30-odd years have passed since the founding of the PRC. However, the ulcers of old China are still used as grounds to oppose the implementation of the policy of opening up to the outside world, the bad habit of despising merchants which has lasted for several thousand years is combined with fear of the commodity economy, and egalitarianism, the practice of "everybody eating from the same big pot," and the product economy are regarded as socialist, the commodity economy as capitalist, and all these concepts are regarded as orthodox Marxism. For this reason, many comrades deeply feel that chronic illnesses are so deep-rooted that it is imperative to change these concepts. At the current seminar, many comrades restudied the characteristics of the "Shanghai style" culture and its role in history. All seminar participants agreed: Practice since the founding of the PRC has shown that the rapid development of Shangai's economy is inseparable from the party leadership and its original foundation or its superiority in the economic, technological, and cultural sectors. However, pratice over the last 30 years or more has also shown that the reason Shanghai's economy failed to develop at a more rapid rate lies precisely in the fact that the numerous outdated concepts and rigid economic patterns have stifled the vitality of its economy. [paragraph continues]

To carry forward the fine traditions of the Shanghai culture, it is necessary to be good at deriving nourishment from the cultures of other places and blazing new trails and bold in clearing the way to forge ahead continuously. Continued and sustained efforts should be made to combat the decadent feudal and capitalist ideas, in particular, the leftover influence of feudalism. Efforts should also be concentrated on eliminating the influence of "leftist" ideology. As far as Shanghai is concerned, on no account must this point be ignored.

From the very start, the seminar was confronted with a strong demand for smashing old concepts.

The Continuity of the Discussion on the Criterion of Truth

Why can this "cultural fad" emerge on China's soil in the mid-1980's? Many seminar participants associated the current situation with the discussion on the criterion of truth that took place 8 years ago. Now everybody is already very clear about that discussion. When history develops to a certain period, it calls for rational reflection of its general trend and cleaning out of old concepts that hinder its advance. If at that time the "two whatevers" were not refuted and the party's ideological line was not corrected, there would not have been the situation in which we are living today.

At the meeting, many comrades said that in discussing the criterion of truth, a passage by Lenin was widely quoted. Lenin said: After experiencing a fierce revolutionary struggle, revolutionary parties cannot continue "without a return to elementary questions and without new training to help them 'digest' lessons of unparalleled richness and make it possible for incomparably wider masses again to march forward, but now far more firmly, more consciously, more confidently, and more steadfastly." ("Collected Works of Lenin" Vol 17, p 25) By again studying these remarks of Lenin and relating them to our own experience over the last 8 years, we will be able to gain a relatively conscious understanding of the current "cultural fad."

Since the 3d Plenary session of the 11th CPC Central Committee, our reform, starting from the rural areas, has developed into all-round reform with focus on cities. This is a profound social change affecting the interests and behavior of different sectors of society, a change not comparable with the debate taking place 8 years ago both in breadth and in depth. The reform going on today in China is an all-round, comprehensive, and dynamic social systems engineering project involving the whole society's economy, politics, culture, and the ideology, concepts, lifestyles, and psychology of the people. Practice over the last few years has proved that without relevant political and cultural changes, progress in economic reform would be difficult to make and what we have gained in the reform might be lost again.

Most participants at the seminar on Shanghai's cultural development strategy agreed with this assessment, asserting that the current "cultural fad" was indeed the continuity and development of the disucssion on the criterion of truth. However, the historical mission it takes on seems more arduous.

Another Movement To Emancipate the Mind

At the seminar, some comrades said that there were two reasons for the current "cultural fad." First, economic structural reform rocks traditional culture and concept of value. [paragraph continues]

In other words, social development challenges traditional values. Second, in the course of reform, people have begun to realize that traditional culture and concept of value hinder the progress of reform. In other words, traditional values resist social development. The struggle between the two forces in the course of history has led to emancipation of people's minds.

All seminar participants traced the question of traditional culture and emancipation of people's minds to the 4 May Movement, which took place 5 decades or more ago. At the beginning of this century, the advanced elements of the Chinese nation gradually came to see that modernization of China could not be based on partial reform of the old empire but instead it called for an all-round cultural and social change, in particular, throughout elemination of the feudal culture and the concept of value based on such a culture which had held a dominant position in China for several thousand years. Hence, there was the famous 4 May Movement. In the course of the movement, the Chinese ideological community was very active in criticizing traditional culture and introducing Oriental and Western civilizations. This can be called the first "cultural fad" in modern Chinese history. The movement raised the resounding slogan of "down with the shop of Confucius," and promoted dissemination of the science introduced from the West -- Marxism -- in China. It has made contributions never to be obliterated in history. However, the movement failed to solve the problem of achieving modernization in China. Historically, this task fell to the Chinese Communists.

The comrades participating in the seminar pointed out: During the period of democratic revolution, our party concentrated its main efforts on seizing state power by armed force. In the 30-odd years following the founding of the PRC, great achievements have been made. However, we failed to shift in good time the focus of our work to the historic task of achieving modernization in China. Just when we launched one political movement after another under the guiding ideology of "taking class struggle as the key line," many countries in the world were moving ahead in big strides. We have thus lagged far behind them. It was not until the 3d Plenary Session of the 11th CPC Central Committee that we came soberly to realize this problem. History has once again assigned us the task we should have fulfilled in the past but failed, a task of carrying out an overall reform. Through several years of practice, people have ultimately come to see the truth of "reform in China's second revolution." The task of China's reform, though the self-improvement and self-development of the social system, is very arduous. The reform to modernize China's society is a systems engineering project designated to resolve complicated, multi-level, and overlapping social problems rather than a move to reform the economy, science and technology, and education alone (of course, reform in these areas is very important). The pressing task now is to eradicate the old habits and concepts of value hindering the reform. Many comrades agreed that the "cultural fad" now prevailing in the ideological community in China with Shanghai in the lead is not only the continuity of the emancipation of people's minds started from the 3d Plenary Session of the 11th CPC Central Committee, but it will also be China's second emancipate-the-mind movement since the 4 May Movement. [paragraph continues]

The task of the current movement to emancipate the mind is to mobilize the whole nation to smash the trammels of old concepts and to establish a new concept-of-value system commensurate with the needs of developing the socialist commodity economy and achieving modernization.

Do Not Forget the Teachings of the "Manifesto"

An important aspect of the "cultural fad" is the attitude toward the achievements of the different civilizations in the world. This was a topic both at and outside the meeting. Many participants said that our country takes Marxism as its guiding ideology and it is an open science. However, some people are more used to the practice of closing the country to international intercourse. People who stick to this practice are more in dread of the world culture than the Chinese who lived 100 years ago. Basically, they discriminate against the research developments of social sciences in foreign countries, such as the various schools of thought, ideological trends, and theories existing in the current workers movement and the new concepts and ideas put forth in the course of scientific development. Although the practice of overthrowing all based on the notion of "taking class struggle as the key link" is quite rarely adopted, there exists a spiritual fence based on ready-made philosophical conclusions acting as a brake on exchanges between different ideologies. Anyhow, this will not help achieve modernization.

Many comrades pointed out: Beyond doubt, the policy of opening up to the outside world might bring in some bad things and even decadent ideologies. But how can a socialist spiritual civilization possibly be built if the communists are not confident of overthrowing these things? Instead of placing this important historical mission on specific talented individuals, we must derive nourishment from the achievements of world civilization. To explain this argument fully, the seminar participants not only repeatedly quoted Lenin's commendable well-known saying -- "Proletarian culture is not clutched out of thin air; it is not an invention of those who call themselves experts in proletarian culture. That is all nonsense." ("Selected Works of Lenin" Vol 4, p 348) -- but they also studied again and again the teachings of the "Manifesto of the Communist Party." This monumental Marxist classic work says: "In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal interdependence of nations. And, as in material, so also in intellectual production. The intellectual creations of individual nations become common property. National one-sidedness and narrow-mindedness become more and more impossible." Many comrades said: One hundred or more years later, today, with the rapid development of modern science and technology, the achievements of human civilization have gone beyond the separation between different countries, with each deriving from, permeating through, and blending with the other. Whoever wants to resist this trend will be tossed to the rear by the course of history. This is independent of man's will.

Practice Is Calling

The comrade participating in the seminar widely agreed that our reform is a completely new undertaking and there is no ready formula to follow and apply. [paragraph continues]

Many comrades said: Marx' political economy cannot solve all problems in the socialist economy, because Marx and Engels did not have the practical experience in building socialism. Socialism is built in China on a semifeudal and semicolonial basis. The society envisaged by Marx in those years was society without commodities, but we are now giving priority to commodity economy. We want to develop a commodity economy under socialism. When it comes to Marxism, this is a new topic. Many comrades pointed out: for a considerable length of time in the past, we propagated Marxism in a seriously mechanical, dogmatic, and pragmatic way. During the 10 years of turmoil, Marxism was distorted beyond recognition. The ideological line upheld by the party since the 3d Plenary Session of the 11th CPC Central Committee, a line of emancipating the mind and seeking truth from facts, has restored and developed the scientific spirit and creativity and vitality of Marxism. In their understanding of socialism, people have freed themselves from the trammels of numerious rigid "leftist" concepts. The central authorities' decision on reform of the economic structure scientifically explains the question of a planned commodity economy and has really enriched the ideological arsenal of Marxism. Developing Marxist theory is the demand of the socialist practice in the contemporary era. If a theory fails to provide answers to new problems cropping up in practice and if it fails to develop itself along with the development of practice, it will become completely useless dogma. All participants agreed that the debate on the so-called adherence to and development of Marxism currently underway among theoretical circles can be easily solved if people have thorough understanding of the consistent spirit of Marxism.

On various occasions during the seminar on Shanghai's cultural development strategy, with all sorts of feelings welling up their minds and full of confidence, the participants believed that to develop Marxism and make culture, education, art, and learning prosper is not an easy job. It requires the broad massas of theoretical, artistic, scientific, and practical workers and all interested people with lofty ideals to make bold explorations and assiduous study and to strive for creation. This calls for, among other things, an environment in which our explorers can fearlessly seek truth. In the course of seeking truth, error is permitted. The previous unreasonable and organized so-called "academic criticism" should not be repeated. If a project in natural sciences requires 606 experiments before it is successful, in other words, 605 failures or defects are tolerable, why would people make a fuss over some errors occurring in the study of social sciences or in literature and art creation, thinking the sky is falling and even easily resort to big sticks?

All participants said: It is necessary to create a sound environment so that our reformers and explorers can bring their creativity into play without restrictions. This is the important guarantee for the smooth progress of reform in our country.

The seminar on Shanghai's cultural development strategy held that the 30th anniversary of the promulgation of the double hundred principle was unexpectedly lively, harmonious, and open. It was of profound singificance. It has proved from one aspect that reform calls for flourishing theories, which in turn will give a push to the vigorous development of the reform. This is the historical meaning of the newly emerged "cultural fad" in our country.

CHINA DAILY ON HONGQI LITERARY THEORY DEBATE

HK180309 Beijing CHINA DAILY in English 18 Jul 86 p 4

[By Zhang Xiaogang]

[Text] Chinese literary criticism often do not mention the names of the persons being criticized "in order to save each other's 'face'," as some writers say, not without a little distaste.

When one literary criticism did mention a name, it took people by surprise. On April 16, the magagzine RED FLAG, a party theoretical journal, ran an article signed by Chen Yong accusing Liu Zaifu, director of the institute of Literature of the Chinese Academy of Social Sciences, of deviating from Marxism.

Fortunately, however, this has not proved to be the signal for a new political campaign directed against academic freedom. Liu is continuing his theoretical pursuits and RED FLAG has run another criticism -- but this time it mentions Chen's name.

Liu Zaifu graduated from Xiamen University, Fujian Province in 1963 and is now in his 40s. His literary research in recent years has been widely read and he was elected director of his institute by his colleagues about a year ago.

Chen Yong distinguished himself as a literary theorist in the 1950's, but was then persecuted by the "anti-rightist" movement, according to RED FLAG. He then became a teacher in a northwestern province and is now a policy researcher for the Communist Party.

Liu Zaifu observed that studies of literary theories were recently moving from the studies of literature's relations with politics to the "aesthetic characteristics' of literature itself. Chen argued that the former was actually the internal factor of literature while the latter was of less importance.

"The essence of literature would be utterly incomprehensible" without probing into the writer's relations with politics and economics, ideological outlook and life itself, Chen said.

Liu attempted to distinguish "man in existence" from "man in practice," another unacceptable point to Chen, who attacked Liu for leaning towards either "mechanical materialism" or "subjective idealism."

Looking back on the experience of China's revolutionary literature, Liu tends to suggest that there is a need to re-examine the "basic theories, concepts, and ways of thinking." This Chen opposed strongly. He argued that all the basics of Chinese revolutionary literature have always remained Marxist, even during periods of crisis. They were "enriched and further developed under extremely difficult circumstnces."

To conclude his article, Chen Yong fiercely attacked "some people" for trying to "discard marxism, even denigrate Marxism," under the pretext of "developing Marxism."

Liu's Response

After reading the criticism of his theories, Liu Zaifu told CHINA DAILY that, while he was pleased to see that theoretical debates were becoming livelier recently, he would continue to proceed with his theoretical research.

He also said that discussion about his studies of literature had long been going on in the academic journal run by his institute -- Research of Literature. It was purely academic, he added.

Not long after the publication of Chen Yong's article, a lively discussion began in the academic and literary circles calling for more freedom of creation and academic research in the light of the policy of "letting a hundred schools of thought contend."

Many articles written by decision-makers, policy researchers, and academicians in May to mark the formulation of the policy three decades ago stressed the need to separate to differing views.

RED FLAG also called a symposium on literary theories. At the meeting, the journal reported, some regarding Chen Yong's criticism of Liu Zaifu as "an important work." They said they had not read a great work like this "for quite a long time."

Reporting the meeting, which was attended by about 40 people, RED FLAG also indicated its disappointment that Liu Zaifu did not show an interest in participating in the debate in its journal, although he had been invited to do so.

The criticism of Chen Yong that RED FLAG has just published indicates that, except for the point of "man in existence" and "man in practice," the critic does not seem to share much common ground with Chen.

The author, Wang Chunguan, accuses Chen of "lacking adequate patience and enthusiasm for the new atmosphere in the theoretical study of literature and art," and of "starting from an anachronistic angel to view the realities."

As for culture, the author says, "how can the phrase 'reflections of politics and economics' generalize all its aspects?"

The author further adds that, to his surpise, Chen even went so far as to relate his own view of the situation of China's literary development to the "fate of Marxism in China," and "the fate of socialist literature and art in China." Wang says he does not think the work of a scholar like Liu Zaifu would be a "spiritual nuclear bomb" to finish off Marxism in China.

Wang Chunyuan also ways: "If anybody tends to regard Marxism as a panacea, he is actually opposing science and supporting a myth. Marxism cannot be a panacea, because it is a science; and why should we insist that Marxism be regarded as a panacea in the study of literature and art when it is no panacea at all?"

ZHU HOUZE ON POLITICAL STRUCTURE REFORM

HK180211 Beijing RENMIN RIBAO in Chinese 15 Jul 86 p 4

[Report: "Zhu Houze Speaks at Theoretical Discussion Meeting on Reform of the Political Structure"]

[Text] The Theoretical Discussion Meeting on Reform of the Political Structure ended on 12 July at the Central Party School. During the 3-day discussion, the more than 100 participants aired their views.

At the meeting, Zhu Houze, head of the Propaganda Department of the CPC Central Committee, said that, at present, reform of the economic structure, reform of the political structure, and changes in ideology and culture coordinate and influence each other so that the overall reform develops in scope and intensity step by step. Therefore, we should also take a farther and deeper view in studying problems. He stressed that in carrying out reform of the political structure, we should conduct more investigation and study and make more analysis on the actual situation at present. We should find out what are the obstacles to the continued development of the reform of the economic structure caused by the political structure. We may also make some historical investigation on the realities of the present political life. We may, for example, review the practice and thinking of the reform of the political structure since the 3d Plenary Session of the 11th CPC Central Committee. We may also make comparisons with other socialist countries and Western countries. Zhu Houze put forward that while encouraging vigorous ways of thinking, we should also advocate a rigorous style of study. We should study and grasp various aspects and layers of the new situation and the new thing.

Many participants to the meeting pointed out that in discussing the reform of the political structure at present, we must first of all see that since the 3rd Plenary Session of the 11th CPC Central Committee, we have done a lot of work and made great achievements in the reform of the political structure. For example, the normalization of political life, the restoration and perfection of the principle of centralization and unification, the restoration and development of a united front, the building of the socialist legal system, the abolishment of the cadres' life tenure system, the division of power between the central authorities and a various localities, the creation of a harmonious atmosphere in the ideological and cultural fields, and so on. Seeing these can strengthen our confidence in reform and seriously summing up experience and drawing lessons are also helpful to further reforms.

In discussing the necessity and urgency of the reform of the political structure, many comrades held that, on the one hand, the reason for putting forward the reform of the political structure is that many bad practices of the structure are seriously obstructing the progress of the reform of the economic structure and the reform of the political structure reflects the inevitable demand of the reform of the economic structure as the latter develops in intensity. On the other hand, the reform of the political structure has its independent significance. This is particularly so in a country like ours in which remnants of feudalism exist to a great extent. The meeting chiefly discussed questions centering round the relations between the party and the government.

SEMINAR VIEWS POLITICAL STRUCTURE REFORM

HK150759 Xian XIBEI XINXI DAOBAO in Chinese 30 Jun 86 p 1

[Report: "An Academic Seminar Points Out That Economic Reform Will Certainly Lead to Reform of the Political Structure"]

[Text] The yought academic seminar recently held in Beijing on "the reform and development of China's political structure" jointly sponsored by CHINA'S SOCIAL SCIENCES, the Youth Social Science Forum of the Chinese Academy of Social Sciences, and the Editorial Department of STUDY OF POLITICAL SCIENCE held that the reform of China's economic structure will inevitably lead to political, ideological, and cultural changes and development.

The seminar noted that fully ensuring socialist democracy is one of the major targets of the reform of China's political structure. As China is an economically underdeveloped country, the only way to reduce the gap between China and the economically developed countries as quickly as possible is to ensure and strengthen centralized control by the state over natural resources. While deliberating the reform of the political structure, this reality must be taken into account. "Democracy and centralism" are not contradictory. The opposite of "democracy" is "dictatorship," while the opposite of "centralism" is "decentralism." By fighting dictatorship, which runs counter to science, with democracy, we can effectively avoid decentralism and concentrate our forces to carry out the key construction projects. This is also the target of the reform of the political structure.

The seminar held that the lateral ties now established between enterprises can serve as a pivot combining the reform of the political structure with that of the economic structure. The conditions for carrying out competition on an equal and fair basis, effective legislation and judicature, and the relevant rights and duties required for promoting lateral ties between enterprises can only be attained by effecting a corresponding change in the political structure.

The seminar also held that the reform of the political structure is a complicated, sensitive issue. Instead of evading the issue with a passive attitude or letting it slide, we should gain the initiative and carry out the reform vigorously. Only in this way can we make the most of the opportune moment created by the economic development and reform of the economic structure and give impetus to social progress.

VICE MINISTER ON NEW CULTURAL LEADERSHIP'S POLICY

HK180517 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1250 GMT 16 Jul 86

[Report by Lin Hua. "The New Leading Body of China's Ministry of Culture Is Keen on Carrying Out Reform"]

[Text] Beijing, 16 Jul (ZHONGGUO XINWEN SHE) -- Following the complete reogranization of the old leading body of the Ministry of Culture, the average age of the members of the new leading body, headed by Wang Meng, is under 54.

The vigorous new leading body is keen on carrying out reform, concentrating on effectively leading a contingent of one million literature and art workers throughout the country, and striving for long-term stable development of China's literature and art work.

This is the main topic of the 7-day national meeting of the heads of cultural departments (bureaus). At a closing ceremony today, executive Vice Minister Gao Zhanxiang delivered a concluding report entitled "Cultural Leadership Work Should be Adapted to the New Situation in Reform and Opening Up."

He said: In his report at the opening ceremony, Minister Wang Meng stressed the question of the changing functions of leading bodies. This is a new problem we face in the new period. It is a new subject and the leaders of cultural departments should devote themselves to its study. The Ministry of Culture should concentrate its energy on investigating, studying, and solving practical problems.

Gao Zhanxiang particularly discussed the question of having a better sense of reform. He said: We should find a way out, acquire vitality, attract the audience, and attain better economic results through reform. For example, he said, during the past year the Shanghai People's Art Theater, led by dramatist Sha Yexin has put on eight dramas. Such operas as "In Search of Dauntless, Unyielding Man" run to capacity audiences because they are well received by the yong audience. Putting on a song-and-dance duet at an open-air theater, the Jilin Folk Art Troupe sold as many as 11,000 tickets for a show. It was indeed a typical example of "10,000 people crowing round to watch the song-and-dance duet." Some spectators said: "I would rather miss a meal than the song-and-dance duet." These are all typical examples of the reform weeding out the old to bring forth the new. They show that the reform is an arduous path but it is also a path to prosperity and rejuvenation and a path leading from a place "where the mountains and the rivers end" to one "where the shade of willows and riotous flowers beckon."

Gao Zhanxiang expressly pointed out: Being a new thing , the reform neither has a precedent for us to go by nor a pattern for us to indiscriminately copy. Reform means making explorations and starting something new. For this reason, errors should be permissible. We should adopt a correct approach toward the errors in reform, characterized by "drawing lessons and being merciful." But there are also people who take advantage of the reform to engage in dishonest practices. They are not reformers but the targets of our attack.

Talking about the question of having a better sense of cultural strategy, Gao Zhanxiang said it is necessary to ponder and study cultural development strategy in order to promote the coordinated development of culture, politics, and economy. He said that after defining the objective of the state's economic development strategy, people will naturally take into consideration the question of cultural development strategy. Raising the modernization level of people is a strategic requirement for achieving socialist modernization. He said: Striving for a long-term stable development in China's literature and art work, as put forward by Wang Meng, is a strategic guiding principle. The word "stability" is directed against "reversals" and "stirring up winds." Stability does not mean marking time but forging head gradually and in harmony.

In concluding the report which he made on behalf of the new leading body of the Ministry of Culture, Gao Zhanxiang called on all people to have a better sense of service: He said: "Leadership means service and cadres are public servants." Literature and art are currently in the best historical period since the founding of the PRC. But there are still a lot of difficulties. It is hoped that leaders of cultural departments at all levels will forge ahead in the face of difficulties and open up a new situation in cultural and art work.

PRODUCT QUALITY, PLANT EFFICIENCY DRIVE LAUNCHED

OW161131 Beijing XINHUA in English 0958 GMT 16 Jul 86

[Text] Beijing, July 16 (XINHUA) -- The Chinese Government will use loans, wage incentives and other economic measures to stimulate industrial enterprises to improve the quality of their products and cut consumption of raw materials over the next five years.

According to a decision made public today, departments of the State Council, the country's highest governing body, will specify norms of three classes of enterprises -- special class, first class and second class.

It urges all of China's industrial enterprises, especially its larger ones, which are state-owned. to "draw up plans and take practical measures" to meet the standards.

The council decided that product quality, material consumption and overall economic efficiency will serve as "principal indexes" for assessing management of the country's industries.

Special-class industries will be expected to meet current international standards for product quality and raw material and energy consumption.

Those in the first class will be expected to meet international standards of the late 1970s or early 1980s for product quality and 1985's highest domestic standards for material consumption.

Second-class industries, which include enterprises producing high-quality goods for the domestic market, will be expected to meet 1985's highest domestic standards for material consumption.

ECONOMIC COMMISSION STRESSES QUALITY CONTROL

OW071040 Beijing Domestic Service in Mandarin 1100 GMT 3 Jul 86

[Text] The State Economic Commission on 3 July reiterated that a plant director should be resolutely removed from his or her post if the plant's products repeatedly fail to pass inspection and the plant director fails to attach importance to quality control and to seriously improve product quality. The Commission today issued Bulletin No 6 on state supervision and spot-checks of industrial product quality.

The bulletin indicates that the quality of products of some enterprises in our country remains very poor, and that one-third of the enterprises selected for spot-checks failed to pass inspection.

The responsible persons of the Bureau of Quality Supervision and the State Bureau of Standardization urged the leading cadres of all enterprises to attach importance to product quality and to adopt measures to improve quality, and not stop at merely paying lip service. They also hoped that the departments in charge of industrial enterprises refrain from overemphasizing output and output value when evaluating enterprise operations and from overburdening enterprises with excessive output quotas. Product quality should be the primary concern. An enterprise should not be rated as advanced if the quality of its products is substandard, no matter how good its other achievements.

COMMENTARY ON BUILDING SPIRITUAL CIVILIZATION

HK160447 Beijing GONGREN RIBAO in Chinese 3 Jul 86 p 1

[Commentator's article: "The Building of Spiritual Civilization Should Serve To Prepare the Way for the Development of the New Productive Forces"]

[Text] What guiding ideology should we actually have while building socialist spiritual civilization? And what should the building of socialist spiritual civilization serve? Our comrades cannot hold identical views on these questions and some of them do not even have a correct understanding of them. Therefore, it is now necessary to look into these questions so as to seek a consensus on them.

The building of socialist spiritual civilization should serve to prepare the way for the development of the new productive forces. The essential task of socialism is to develop the productive forces. As the superstructure, the building of spiritual civilization should trigger the development of the productive forces. If the building of spiritual civilization is divorced from the development of the productive forces, our society will fall into blindness. Therefore, the development of the productive forces is an important sign to indicate the results of the building of spiritual civilization. The basic tenets of Marxism tell us that the building of spiritual civilization and the building of material wealth take each other as conditions and objectives, and the building of spiritual civilization is restricted by a particular mode of production, so the building of spiritual civilization should focus on the development of the productive forces.

The building of socialist spiritual civilization should stimulate reform and the development of the socialist commodity economy. High development of the commodity economy constitutes an inseparable stage in social economic development. The building of spiritual civilization that we engage in is carried out precisely under such an historical condition. Therefore, we must strengthen education in reform so that the vast numbers of cadres and people will have a strong sense of reform and a strong sense of developing the commodity economy. Thereby we will be able to pave the way for the establishment of a new economic structure and become mentally prepared to take new steps forward in reform. Only by so doing will we be able to take the difficult task of building socialist spiritual civilization.

The building of socialist spiritual civilization must facilitate the development of a high degree of socialist democracy. The realization of the four modernizations needs high enthusiasm and initiative by the broad masses of the people. The key to the problem lies in the necessity of building a high degree of socialist democracy. Whenever we spoke of democracy, freedom, and humanitarianism in the past, we used to think that we should not use them because they belong to the bourgeoisie. This is a confused idea. As a matter of fact, the principles and policies of our party all reflect the will of the broad masses of the people. In order to develop a high degree of democracy and attain the ultimate goal of our party, we must now create an atmosphere of relaxation and harmony.

At present a small number of cadres and the masses have some confused ideas. They think the building of spiritual civilization, reform, and opening up, conflict with the development of the commodity economy, and that the emergence of some negative phenomena in our social life is due to reform, opening up, and the development of the commodity economy. It must be acknowledged that there are certain relations between the two, but the appearance of unhealthy tendencies and negative phenomena is not the inevitable income from reform and opening up. Some negative phenomena have their roots in the pernicious influence of thousands of years of feudal society, in the underdevelopment of the commodity economy, and in the incompleteness of reform. The vigorous development of the commodity economy will certainly get rid of these negative phenomena at last.

Making the guiding ideology of the building of spiritual civilization clear will help us understand how to do a good job of political and ideological work in the new historical period. The tasks, contents, methods and means of political and ideological work in the new historical period should adapt themselves to the situation in reform, and suit the needs of developing the commodity economy. Thus, we must have a strong sense of responsibility and dedication to probe into new ways of carrying out political and ideological work under the conditions of reform and opening up. This is the needs of the times and reform. All political and ideological workers should bravely assume the important task entrusted to them by the times.

CHINA DAILY COMMENTATOR ON NEED FOR RULE OF LAW

HK170945 Beijing CHINA DAILY in English 17 Jul 86 p 4

[By CHINA DAILY commentator]

[Text] At no time has the rule of law in this country been emphasized more than today. Educating the people, especially on respecting the rule of law, has become widespread. It is the same for government and Communist Party officials.

When Deng Xiaoping recently related efforts to improve the Communist Party's working methods to efforts to strengthen the rule of law, he stressed teaching officials to respect the law as the key issue; that is, educating them in the basics of the legal system, urging them to set a law-abiding example and to faithfully administer the law.

On the evening of July 1, the 65th anniversary of the founding of the Chinese Communist Party, more than 500 officials from the Party's central departments attended a lecture by the Minister of Justice, which ushered in the country's first legal training programme at such a high level.

Two days later, Hu Yaobang, General Secretary of the Party's Central Committee, attended the first of a series of talks on legal issues along with other leaders almost immediately after his return from Western Europe. The General Secretary and his comrades became "ordinary students," in Hu's own words, to a law professor from the Chinese People's University.

Two days after that, lawyers began their national conference in Beijing -- again the first-ever in the People's Republic. The meeting revealed that all provinces, municipalities and autonomous regions (except for Tibet) had formed local lawyers' associations. The All-China Lawyers' Association was established as a result of the national conference, prompting warm congratulations from the Communist Party and its leading figures. "Glory to the people's lawyers," the party said, while promising greater support for lawyers' work.

At the same time, cases of official corruption and breaches of law were exposed and brought to justice.

These signs of great progress in building the rule of law in a country with a long history of feudalism, when privileges existed side-by-side with the lack of a sense of civil responsibility.

In the absence of the rule of law, there is only the rule of man. What officials say goes. Social customs and habits dictate the way people live. Wherever there is an abuse of power or a violation of the law, there is doubtless an infringement of the rights of other people.

Having drawn many lessons from the bitter experience of the "Cultural Revolution," the national leadership is now doing its best to uphold the rule of law and establish it as a force that will leave no room for further political blunders. This is in dramatic contrast to the way of doing things 20 years ago.

The nation has come to understand that the lack of the rule of law would undermine its attempts to create a society characterized by a vigorous economy and high level of socialist democracy. The economic reforms would not be able to get very far, nor would there be effective checks on corruption and errors in political decision-making. This is why it is wise to push economic development on the one hand and secure a sound legal system on the other.

OFFICIAL URGES TAX DEPARTMENTS TO ENFORCE LAWS

OW071426 Beijing XINHUA in English 1416 GMT 7 Jul 86

[Text] Beijing, July 7 (XINHUA) -- A senior Chinese taxation official today urged taxation departments throughout the country to review and sort out the tax work concerning foreign enterprises and foreigners in China and correct practices which are at variance with tax laws and regulations.

Speaking at a national conference on taxation which opened here today, Jin Xin, director of the Taxation Bureau under the Ministry of Finance, stressed that taxation on foreign enterprises in China has a direct bearing on international economic relations and the implementation of the country's policy of opening to the outside world.

Therefore, he said, taxation departments across the country must strictly enforce the existing laws and regulations. Neither can they interpret nor modify these laws at will.

More and more Sino-foreign joint ventures, cooperatively-run enterprises, wholly foreign-owned enterprises as well as joint ventures engaged in the exploitation of offshore oil have been set up, he noted.

Effective measures must be taken to strengthen the administration of these enterprises, and regulations on tax collection from these enterprises should be worked out as soon as possible.

So far, he said, China has signed agreements with more than 10 countries on the avoidance of double taxation. He asked departments concerned to study carefully these agreements so as to ensure full understanding and correct implementation.

He also asked taxation officials dealing with foreign enterprises to study international taxation, international law, international economic relations and trade, foreign accounting as well as foreign languages.

China began in 1980 to establish its taxation system concerning foreign enterprises. There are now laws and regulations concerning the income taxes of Sino-foreign joint ventures, cooperatively-run enterprises and wholly foreign-owned enterprise, consolidated industrial and commercial tax, individual income tax, urban real estate tax and vehicle and vessel licence plate tax. Many preferential provisions including tax reduction and exemption have been offered.

COMMENTARY STRESSES NEED TO RESPECT TAX WORKERS

OW172214 Beijing Domestic Service in Mandarin 1100 GMT 17 Jul 86

[Station reporter's commentary: "Reinforce Tax Regulations, Respect the Work of Tax Personnel"]

[Text] A national conference on taxation, which ended in Beijing today, has once again stressed the important role of taxation in our economic life.

The industrial and commercial tax is a major means of collecting funds for construction, regulating production activities, and exercising macro-economic control. Before the profit delivery system was changed to tax payments, the industrial and commercial tax constituted about half of the country's financial revenues. Since the change, funds collected by tax departments at various levels comprise at least 80 percent of the national revenues. However, it should be noted that the importance of taxation is not understood by all comrades, and the work of tax personnel does not recieve due respect in the community. A few enterprises still adopt an uncooperative att

A handful of self-employed traders and craftsmen even try every conceivable way to obstruct tax officials from performing their duty. Incidents of beating tax officials and attacking tax offices are reported from time to time. All these merit keen attention by government departments at all levels.

As taxation is an indispensable economic lever for the modernization drive, all members of the community should take tax work seriously, support and respect the work of tax personnel, and truthfully observe tax regulations. It should be clear to all enterprises and institutions as well as individuals that paying tax is a legal obligation and that officials who collect taxes are protected by law. In order to fire the enthusiasm of the country's 360,000 tax personnel for promptly collecting the taxes in full amount, party committees and government at various levels should show concern and make things easier for tax personnel.

VICE FINANCE MINISTER SEEKS STRICTER TAX POLICY

OW172213 Beijing XINHUA Domestic Service in Chinese 1119 GMT 17 Jul 86

[By reporter Tian Chuan]

[Excerpts] Beijing, 17 Jul 86 (XINHUA) -- At the national conference on taxation which ended today, Tian Yinong, vice minister of finance, said: Right now, the excessive growth of state spending is a pressing problem. At present, we should pay full attention to curtailing outlays. However, curtailing outlays does not mean that we can relax our efforts to increase revenues.

Tian Yinong said: The revenues from tax departments at all levels during the first half of this year amounted to 92.2 billion yuan, marking an increase of 8.7 percent as compared with the same period last year. This is a significant achievement. However, there are still some weak links in our work. For example, tax collection is too lax. Tax evasion is a common practice. Revenues that should be paid to the state have not been collected in full. He called on all financial and tax revenue departments to take into consideration the overall situation in striking a balance between state revenues and expenditures. He said: We must not relax our efforts or fear difficulties in collecting taxes. We should work harder than ever before to collect all the taxes that should be collected.

In this regard, Tian Yinong called on all the departments concerned to do the following:

-- It is necessary to realize the current favorable situation and strengthen our confidence in fulfilling all the tasks.

-- It is essential to strengthen tax collection and collect all the taxes that should be collected. [passage omitted]

-- It is imperative to conduct a broad review of tax collection.

-- It is necessary to strictly control tax reductions or tax exemptions. To allow those enterprises with difficulties to reduce their tax payments is essential for invigorating our economy. However, we must not indiscriminately allow enterprises to reduce their tax payments. It is one-sided view to believe that in order to invigorate our economy, we must permit tax reductions and tax exemptions. It is hoped that various localities will check the rules which have been formulated on tax reductions and tax exemptions and put them in order.

LIAOWANG ON EXTRABUDGETARY CAPITAL CONSTRUCTION

HK170713 Beijing LIAOWANG in Chinese No 27, 7 Jul 86 p 6

[Article by Shi Baohua: "Resolutely Reduce and Control the Scale of Extrabudgetary Capital Construction"]

[Text] Following the strengthening and improvement of macroeconomic management, the scale of the state budgetary capital construction has gradually been brought under control. However, extrabudgetary capital construction is still growing rapidly. According to the statistics of relevant departments, the total amount of extrabudgetary capital construction in the first 5 months of this year increased by 15.9 percent over the corresponding period of last year, which itself registered a large increase over the previous year. This shows that if we only control the scale of extrabudgetary capital construction, the total scale of capital construction in the whole society will certainly continue to expand. The requirement set down in the Seventh 5-Year Plan on maintaining the scale of investment in fixed assets for this year and the next at approximately the level of 1985 will very probably fall through.

There are many reasons for the expansion of extrabudgetary capital construction. However, the most important reason is that some localities and departments fail to understand from the macroeconomic level the importance and urgency of controlling the scale of extrabudgetary capital construction. Some comrades hold that extrabudgetary construction projects "should not be so tightly controlled" and that "those having the ability should be allowed to develop the project." In truth, this is a misunderstanding. In the past few years, with the expansion of the decision-making power of the localities and enterprises and with the establishment and development of numerous economic forms, investment in extrabudgetary capital construction has been increasing substantially. At present its proportion of the nation's total investment in capital construction exceeds 60 percent. If this large proportion of investment should be allowed to expand continuously, it will inevitably intensify the shortages of social funds and materials, expand the contradiction between aggregate social supply and aggregate social demand, and affect the coordinated development of the national economy and the smooth implementation of economic policies. Moreover, investment in extrabudgetary capital construction is often restricted by the market economy. It seldom takes into consideration long-term and overall demands and is apt to make the mistake of carrying out unplanned or duplicated capital construction projects. If we do not strengthen management over the scale of extrabudgetary construction, it will inevitably exert an adverse influence on the ongoing readjustment of the project mix and industrial structure. Therefore, although extrabudgetary capital construction projects are not listed in the state budget or planning, the scale of these has a direct bearing on the overall situation of the national economy. In line with the principle of "acting according to the state's capability," we should make arrangements for extrabudgetary capital construction projects and strengthen macroeconomic management over them. At the moment, it is very necessary for the relevant departments to sort out the extrabudgetary capital construction projects now under way or planned for. With regard to those projects which are not needed macroeconomically or will not be needed in the near future and which require large investments, consume large amounts of materials, and yield poor economic results and social benefits, we should adopt various means such as persuasion, administrative intervention, and economic control to stop or delay their construction in order to maintain, as far as possible, the scale of extrabudgetary capital construction at a reasonable level.

The key to controlling the scale of extrabudgetary capital construction lies in satisfactorily managing and using extrabudgetary capital. In recent years the growth of extrabudgetary funds has played a positive role in invigorating the local and enterprise economy. However, what merits our attention is that many localities and enterprises are keen on using extrabudgetary funds in capital construction. For this reason, managing well the flow of extrabudgetary funds is crucial to controlling the scale of extrabudgetary capital construction. Only when we succeed in managing the "source" of funds can we control the "flow" of capital construction. The State Council recently issued a "circular on strengthening the management of extrabudgetary funds." The "circular" explicitly stipulates that it is necessary to bring extrabudgetary funds into line with the comprehensive financial credits plan and to carry out comprehensive balancing. It stresses the need to strictly control the use of extrabudgetary funds in extrabudgetary construction projects and to seek approval for extrabudgetary construction projects accordingto the procedure for capital construction projects. We should conscientiously carry out the spirit of the "circular" and manage well the source of extrabudgetary capital construction funds. Meanwhile, we should strengthen management over and strictly control extrabudgetary capital construction conducted in the form of raising funds.

In order to control the scale of extrabudgetary capital construction, it is also necessary to strictly enforce financial discipline. It should be noted that in striving for extrabudgetary capital construction projects, some localities and departments have adopted practices that do not conform to the financial system and even violate financial and economic discipline. Some units submit reports for technological transformation projects which are, in fact, capital construction projects. Some enterprises adopt various illegal practices such as indiscriminately squeezing out or apportioning costs, withholding profits that should be turned over to the state,, increasing without authorization the proportion of accumulation and retention of common funds by the enterprises,, and evading taxes to turn state revenue into extrabudgetary revenue in order to carry out extrabudgetary capital construction projects. Still others divert to capital construction projects circulating capital or other funds earmarked for special purposes. Financial, banking, and auditing departments at all levels should step up inspection and strengthen supervision over this and conscientiously rectify the problems that have been spotted. Those whose crimes are grave should be investigated and punished according to the law.

Controlling the scale of investment in fixed assets is an important component of macroeconomic management. Whether or not we can do this job satisfactorily has a direct bearing on whether or not we can smoothly carry out the economic reform and on whether or not the national economy can develop in a steady and balanced way. Leaders in all localities and enterprises should enhance their overall points of view and work in close coordination in order to do a good job of this important mater.

DENG XIAOPING'S SON CALLS ON YUNNAN FRONTIER GUARDS

HK160453 [Editorial Report] Beijing Domestic Television Service in Mandarin at 1315 GMT on 14 July, during its regular "Night News" program, shows an 1-minute film clip on "Deng Pufang, director in chief of the China Welfare Fund for the Handicapped, calling on PLA commanders and fighters on the front line of the frontier region in Yunnan recently."

The film clip shows Deng Pufang, in a wheelchair, reaching "the highest peak of Laoshan" with the assistance of several PLA soldiers; and arriving at an unidentified PLA forward position and shaking hands with several soldiers there. The films ends with shots of Deng visiting the Kunming General Hospital of the Chengdu Military Region and speaking with several "commanders and fighters who were wounded in action during the Laoshan-Zheyinshan campaign," in a ward of the hospital. The announcer states that Deng Pufang "urged that the wounded commanders and fighters just get better and do not worry, and encouraged them to get well soon and to make new contributions to the party and the people."

YU QIULI ADDRESSES MEETING ON ARMY REFORM

OW061044 Beijing XINHUA in English 1041 GMT 6 Jul 86

[Text] Beijing, July 6 (XINHUA) -- Soldiers should support the ongoing reform in various fields while carrying out the reform of the Army itself, said a senior Chinese Army leader.

Yu Qiuli, director of the General Political Department of the People's Liberation Army, told a meeting here that the Chinese Army has inaugurated important reforms in military training, political work, logistics, scientific research for national defense and military education. But, many important issues have yet to be probed.

He said that the reform of the Army, which is part of the nationwide reform program, aims at modernizing the Army and strengthening its combat capability.

The Army should learn the experiences of the rural and urban reform, but cannot transplant them, he noted.

Since the reform is a deep social change and something new, Yu added, problems may well arise in the process due to lack of experience. Therefore, it is necessary to educate the soldiers and help them have a proper understanding of the situation.

YANG DEZHI ON IMPROVING QUALITY OF SOLDIERS

HK170849 Beijing XINHUA Hong Kong Service in Chinese 0646 GMT 16 Jul 86

[Report: "Yang Dezhi Says That China Attaches Importance to Improving the Quality of Soldiers"]

[Text] Beijing, 16 Jul (XINHUA) -- In the course of its structural reform to streamline and reorganize itself, the Chinese Armed Forces attach importance to improving its the quality of its soldiers in order to lay a sound foundation for the modernization and regularization of Chinese forces.

Recently, the PLA General Staff Headquarters held an all-army conference on work related to soldiers to study the question of how to strive to do a good job of recruiting soldiers and improving the quality of soldiers in order to meet the needs of the new situation of the modernization of the Chinese forces.

Chief of General Staff Yang Dezhi said at the conference that doing the work related to soldier's welfare and improving the quality of soldiers is of great significance in improving the combat effectiveness of Chinese forces.

"Soldiers are the foundation of forces." Through streamlining army reorganization the number of Chinese soldiers has been reduced, but the requirements for the quality of soliders have been heightened. Improving soldiers' quality is a basic task in the development of Chinese forces.

Chief of General Staff Yang pointed out that our country is very big and has very plentiful sources of soldiers, which make it entirely possible to ensure the qulity of our soldiers. He called on the conscription departments at all levels to recruit soldiers in strict accordance with the requirements. We should encourage parents to send their children to become soldiers and youths to vie with one another to join the forces.

Over the past few years, China has carried out a reform in its conscription system to switch to the method of relying mainly on localities for sources of soldiers and heightened the requirements and qualifications for new soldiers. This has played an important role in ensuring the quality of soliders. Many young people have given up the opportunity of being recruited in factories, and some have even given up relatively high wages and fine living conditions to voluntarily join the forces. According to statistics, the number of new soliders sent last year by China's over 2,560 counties and cities and who came to join the forces on their own accunted for 89.3 percent of the total conscription quota. Of the new soldiers, quite a few had been awarded. Some had been model and advanced workers. New soldiers with an education level at and above junior middle school accounted for 96.3 percent of the total. After these new soldiers joined the forces, they studied diligently to pursue progress, observed discipline, and very quickly adapted to the requirements of the life of our modernized forces. Some fighters were sent to fight at the border front in Yunnan soon after joining the forces. Very many of them have displayed bravery and achieved merit in the fighting.

LI PENG AT SATELLITE COMMUNICATIONS CEREMONY

OW081608 Beijing XINHUA in English 1510 GMT 8 Jul 86

[Text] Beijing, July 8 (XINHUA) -- China's satellite communication network went into operation today providing telephone, telegram, television, radio and facsimile services.

"This is a great step forward in the modernization of China's communications system," Vice-Premier Li Peng said at an opening ceremony at Beijing's ground station. "Satellite communication can spread economic development throughout the country's vast territory and to many isolated regions."

The network uses transmission devices rented or bought from Intelsat, the international telecommunications earth satellite organization.

It consists of five ground stations in Beijing and four provincial or regional capitals: Urumqi, Xinjiang Uygur Autonomous Region; Hohhot, Inner Mongolia Autonomous Region; Lhasa, Tibetan Autonomous Region; and Guangzhou, Guangdong Province. The Guangzhou station will open later this year.

Altogether, the system will link Beijing with the northwest, north central, far west and southeast parts of the country.

China "should build more ground stations of all sizes over the next five years" to promote satellite communications, Li said.

Via the network, direct dial long-distance telephone, telegram and fascimile services are now available between Beijing and Urumqi, Hohhot and Lhasa.

Li noted that much of the network was built with imported equipment. But in the future, he said, "we must use equipment built in China to cut production costs and to develop our own satellite communications technology."

The network has also enabled the Beijing ground station to transmit nationwide programs of the central television station as well as mathematics teaching programs prepared by the State Education Commission.

Beginning January 1, the network will also carry an economic information program transmitted by the Beijing ground station, according to Yang Taifang, minister of posts and telecommunications.

GREATER ATTENTION TO AGRICULTURE URGED

HK161116 Beijing NONGMIN RIBAO in Chinese 3 Jul 86 p 1

[Commentator's article: "Solidify the Foundation of Agriculture, Raise the Status of Agriculture"]

[Text] The successes achieved in China's agriculture in recent years have attracted widespread attention. From 1979 to 1985, grain output increased annually at an average of over 30 billion jin, the total output value of agriculture increased at an average of over 10 percent a year, and the peasants' average per capita net income reached 400 yuan, around 300 percent of the 1978 figure, thus putting an end to the slow progress of the rural economy over the decades. However, we cannot neglect exposed or latent problems because of the favorable turn in agriculture. In 1985, grain output decreased by 50 million jin, a 7 percent drop from the previous year. Although it was still bumper harvest year and is not surprising and will never lead to a grain crisis, it sends out a warning: The foundation of agriculture must be solidified.

Let us make a rough analysis.

China has a population of 1 billion. Its arable land is decreasing and its population is increasing steadily. In order to maintain the average per capita grain of 800 jin, the output of grain during the Seventh 5-Year Plan period should reach 900 billion jin, to say nothing of the future. This means that grain output in the next 5 years should increase at an average of 30 billion jin annually. This target, set from a high starting point, is more or less the same as that of the Sixth 5-Year Plan. The current situation is that the new factors for increasing output are limited, while those that adversely affect the continuous development of agriculture are numerous.

The system of contracted responsibility with payment linked to output implemented a few years ago released the constrained productive forces. [paragraph continues]

In the days to come, the responsibility system will still have vitality. However, its influential role over the old production relations will inevitably be weakened.

Regarding the conditions for production, the basic water conservancy facilities of some localities are not yet consolidated and some projects have been neglected for years. Owing to the requisitioning of land for construction purposes, the irrigated area newly increased every year cannot offset the decreasing area and the irrigated area still remains at the 1978 level. The aggregate power capacity of China's farm machines is 280 million horsepower, which mainly covers a remarkable increase in transport and small machines. However, the level of farm machinery has declined. In 1985, the area plowed by tractor dropped 15.9 percent from 1980 and the sown area dropped 19.2 percent. Due to the price increase and short supply of the means of production including diesel oil and chemical fertilizers which resulted in an increase of costs and a decrease of profits, some peasants carried out extensive cultivation, made less investment, and slackened their efforts in grain production because of the low exchange value of grain. Moreover, the impeded circulation channels and inferior quality of the labor forces engaged in agriculture are also factors leading to the decline of production. If we cannot put an end to this state of affairs, serious problems may arise within the next 3 to 5 years. In the course of industrialization, the agriculture of many countries declined. We should take this as a lesson.

Consolidation of the foundation of agriculture is related to the coordinated operation of the national economy as well as the success or failure of reform. As the rural areas are now carrying out the second stage of reform, we must vigorously develop commodity production, establish a fine market regulation system, and make the peasants prosperous as quickly as possible. If the question of grain is merely confined to feeding and clothing the people and if the production of grain develops slowly or even declines, it will be difficult to put an end to the situation of 800 million peasants depending on land for a living, to raise the commodity rate of farm products, to realize the objective of transfering 100 million peasants to nonagricultural trades by the end of the century, and to readjust the production setup. If the peasants' income cannot increase simultaneously with that of workers and if the gap between the two further widens, it will inevitably affect the ongoing urban reform. While carrying out urban reform, the cities should break with the "castle" economy and cater to the needs of the vast rural areas. The 800 million peasants constitute an extensive, latent consumption market. If the purchasing power of the 800 million peasants is low and their ability to buy manufactured goods is limited, the reproduction of industry will also be affected. Without the invigoration of agriculture, it would be impossible to invigorate industry.

Naturally, the solidification of the foundation of agriculture was not put forward under the state of public anxiety. It is not an outdated concept or the beaten track. Instead, it is a reunderstanding of the foundation of agriculture after setting forth a new objective from a higher stage. In the past, the stress of agricultural foundation was put on "taking grain as the key link." When the foundation of agriculture is stressed today, we should maintain the steady growth of agriculture, promote the all-round development of commodity production, and lay a foundation for the prosperity of the state and people. [paragraph continues]

Therefore, the solidification of the foundation of agriculture does not merely mean feeding the people. We should further eliminate the idea of small-scale peasant economy and the easily contented mentality of small farmers, solidify the foundation of agriculture by means of policies, science and technology, and investment and with an enterprising spirit, create a new situation of governments and trades at all levels and 800 million peasants attaching great importance to agriculture, and promote the developoment of agriculture to a new level.

DENG LIQUN TOURS JIANGXI; BRIEFED BY WAN SHAOFEN

OW131726 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 12 Jul 86

[Excerpts] While inspecting Jiangxi, Deng Liqun, member of the CPC Central Committee's Secretariat, said: Our cadres and the broad masses of the people should be made to preserve and enhance the glorious traditions of the revolutionary period and to further exert themselves in intensifying the building of a spiritual civilization and promoting the building of a material civilization. In the same environment and locality, a sound state of mind leads to great achievements, while an unsound state of mind hampers work progress.

Comrade Deng Liqun inspected Jiangxi from 22 June to 11 July. Wan Shaofen, secretary of the provincial party committee, presided over a meeting of the provincial party committee's Standing Committee to deliver a work report to Comrade Deng Liqun. Liu Fangren, deputy secretary of the provincial party committee, and (Wang Taibhua), member of the provincial party committee, and (Wang Taihua), member of the provincial party committee's Standing Committee and head of the provincial party committee's Propaganda Department, accompanied Comrade Deng Liqun on his inspection tour.

Disregarding travel fatigue and braving the intense summer heat, Comrade Deng Liqun visited factories and rural areas during his inspection of Jiangxi, mingling with cadres, workers, and peasants at the grass-roots level in order to understand the people's conditions through cordial talks with them and through investigation and study. He traveled more than 2,000 km in 19 days, successively inspecting the seven cities and prefectures of Nanchang, Yingtan, Jingdezhen, Juijiang, Jian, Ganzhou, and Pingxiang, and 14 other counties and cities, including Xingguo and Ruijin.

Comrade Deng Liqun noted: Jiangxi's residents made major contributions both in the revolutionary war period and in peacetime construction. It is necessary to preserve and enhance the glorious traditions of the revolutionary period and to make dedicated efforts in bringing success to the socialist modernization drive.

While inspecting the CYL reclamation farm, Comrade Deng Liqun lauded the veteran CYL members who conducted strenuous pioneering work in the old days as people with communist ideas. [passage omitted]

During his inspection tour, Comrade Deng Liqun repeatedly stressed the need to effectively improve the quality of the younger generation and to vigorously step up ideological and and political work. [passage omitted]

Comrade Deng Liqun called on teachers, students, and employees at colleges and universities, secondary technical schools, classrooms, dormitories, and mess halls on several occasions, and sought the opinions of professors and experts. [passage omitted]

During his inspection tour, Comrade Deng Liqun made thorough investigations into the work of the party committees after enterprises had implemented the plant director responsibility system. He noted: Practice has born out the plant director responsiblity system, showing its advantages to the operations of enterprises and its greater benefits to the work of the party committees of those enterprises. [passage omitted]

While inspecting southern Jiangxi and Jinggang Shan, old revolutionary base areas, Comrade Deng Liqun, in a show of deep concern for the people in old revolutionary base areas, visited villages and households to understand the people's suffering and to discuss ways to cure and eliminate poverty with the people. [passage omitted]

ULANHU ADDRESSES REGIONAL AUTONOMY LAW FORUM

OW092153 Beijing XINHUA Domestic Service in Chinese 1302 GMT 9 Jul 86

[By reporter Chen Yan]

[Text] Beijing, 9 Jul (XINHUA) -- Regional autonomy for minority nationalities is an important political system and the law on such autonomy is one of the basic laws in China, said Vice President Ulanhu today at a forum attended by minority study groups to review the implementation of the law on regional autonomy for minorities. he said: To ensure earnest implementation of the law is a responsibility of not only autonomous regionalk governments but also state organs at all levels. While ordinary people should study this law, cadres should all the more do so. Leading cadres, in particular, should play an exemplary role in studying and enforcing the law.

Ulanhu said: In view of our inadequate legal system in the past, the government has, in recent years, called for efforts to promote construction and improve the legal system at the same time in order to ensure smooth progress in socialist construction. In areas inhabited by ethnic minorities, where the economy and culture are relatively backward, efforts should be made to develop production to enable the people to become well off, and to publicize and implement the Constitution and the autonomy law for improving the legal system. He said: After a law is drawn up, we must first have the people study and familiarize themselves with the law, then do things according to it, and finally improve it in the course of its implementation. It must be clearly pointed out that when a law is adopted, it has binding force and must be observed in all circumstancews. It must not be changed at will.

Ulanhu said: It is wrong to regard the autonomy law as a matter concerning only areas inhabited by minorities. Higher government organs shoulder an important task of ensuring the autonomy law's implementation and the right of autonomous regional governments to exercise their autonomy. It is an unshirkable duty of higher government organs to strengthen the leadership over and step up assistance to autonomous regions of minority nationalities.

Ulanhu said: Higher government organs should respect and earnestly create the conditions for autonomous regional governments to exercise the right of autonomy prescribed in the Constitution and the autonomy law. Without the assistance and support of higher government authorities, it would be difficult for autonomous regional governments to exercise the right of autonomy and develop their economy and culture. Therefore, higher government authorities should pay close attention to autonomous regions of ethnic minorities and take the initiative to conduct fact-finding studies and investigations there in order to thoroughly understand the conditions and problems of the ethnic minorities and map out specific policies and effective measures to guide and help them in accordance with the actual situation there. So long as the whole nation takes concerted action, the autonomy law for minority nationalities adopted by the NPC with the collective wisdom of the people will surely be effectively enforced.

Ngapoi Ngawang Jigme, vice chairman of the NPC Standing Committee and chairman of the NPC Nationalities Committee, also spoke at the forum. He said: Since it formally came into force on 1 October 1984, the autonomy law has played a major role in promoting political, economic, and cultural construction of autonomous regions of minorities, and in enhancing the socialist relations of equality, unity, and mutual assistance among nationalities. In order to enforce the autonomy law in all fields, it is necessary to further work out details for rules and regulations concerning the law, primarily including regulations governing the autonomy for autonomous regions of minorities and rules for higher state organs to implement the autonomy law. He pointed out: Since the autonomy law was promulgated, all autonomous regions of minorities in the country have intensified the effort to formulate regulations governing the autonomy, and a number of multinationality provinces with autonomous counties and prefectures of minorities have also mapped out regulations for implementing the autonomy law, while State Council departments concerned have drawn up a few rules. All of these have facilitated the implementation of the autonomy law.

At the forum, members of the study groups of minority nationalities from various parts of the country reviewed achievements and shortcomings in implementiung the autonomy law in their respective regions over the past nearly 2 years. They said that the promulgation and implementation of the autonomy law has given a strong impetus to the work in all fields. However, there are problems caused by officials of some localities and departments who have failed to understand the importance of the autonomy law and to do things according to the law. They called on all localities and, in particular, leading organs at all levels to pay keen attention to such problems so that the autonomy law will be more effectively enforced.

The forum was sponsored by the NPC Nationalities Committee. Yu Wen, vice chairman of the committee, chaired the forum. Officials from the United Front Work Department of the CPC Central Committee, the State Nationalities Affairs Commission, and other departments concerned attended the forum.

XIAMEN CURBS EXACTION OF CHARGES FROM JOINT VENTURES

HK161524 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0634 GMT 16 Jul 86

[Text] Xiamen, 16 Jul (ZHONGGUO XINWEN SHE) -- The question of exacting charges from Chinese-foreign joint ventures, cooperative enterprises, and foreign-owned enterprises, unacceptable to foreign businessmen, has attracted the attention of the Xiamen city government.

There are now 126 Chinese-foreign ventures, cooperative enterprises, and foreign-owned enterprises in the Xiamen special economic zone. These enterprises are discontent with the heavy charges exacted by certain departments under all sorts of pretexts. For example, the water and electric fees of these enterprises are not collected according to the actual amount consumed, but according to the caliber of waterpipes and load of transformers. These enterprises had to pay charges 100 percent higher than the local state-owned enterprises for installing a telephone set and 500 percent higher for monthly telephone fees. Moreover, there were also innumerable charges of every description.

Local government officials say that the exaction of charges has lead to the abnormality of reduction of taxes and increasing number of charges. It has offset the preferential treatment granted by the government to these enterprises. The question is that some responsible departments have defined the relevant laws and regulations promulgated by the state concerning Chinese-foreign joint ventures. Now this tendency must be curbed.

The Xiamen city government organized an investigation group not long ago to make an all-round investigation of the exaction of charges. The government called on various units to examine and readjust the unreasonable charges imposed on the Chinese-foreign ventures, cooperative enterprises, and foreign-owned enterprises, and adopted the following three measures: 1) If the unreasonable charges are made by the higher authorities, complaints must be made and exemption be requested. Unreasonable charges which are clear and obvious to all must be checked resolutely and a report should be submitted to the relevant departments. 2) The relevant companies and bureaus should check the various items and charges stipulated by Xiamen authorities and submit a report to the responsible departments for examination. The unreasonable charges must be canceled, the prices increased must be lowered, and the repeated items must be readjusted. 3) From now on, no department or responsible person has the right to levey charges on these enterprises. Newly-established charges and prices will be null and void without the approval of the city government.

It has been reported that the Xiamen city government has decided to abolish the collection of land royalities in the Huli industrial zone.

SHANDONG HOLDS FORUM TO IMPROVE SOCIAL ORDER

SK170930 Jian DAZHONG RIBAO in Chinese 2 Jul 86 p 1

[Text] The provincial forum on political and legal work sponsored by the provincial CPC Committee in Qingdao called for ceaselessly and deeply waging the struggle against serious criminals, strengthening overall improvement in social order, and striving to realize a stable turn for the better in social order on the basis of notably improving social order.

After 5 days in session the forum ended on 1 July. Attending the forum were secretaries of the city and prefectural CPC Committees in charge of the political and legal work, and responsible comrades of the political and legal commissions, public security departments, courts, procuratorates, judicial departments, security departments, and provincial-level departments concerned.

The forum held that the province has basically maintained a stable social order on the basis of notably improving the social order thanks to the fact that all localities have sustainedly and deeply strengthened the struggle against serious criminals and have implemented measures for overall improvement in social order since the beginning of this year. However, we must understand that the improvement of social order is not consolidated enough -- a considerable number of major and appalling cases still remain, criminal activities run rampant in some localities, and some ludicrous tendencies that have been stamped out in society for a long time are again arising.

The forum pointed out that since 1986 is the key year to grasp politcial and legal work, the CPC committees, the governments, and the political and legal departments should conscientiously grasp the work in the latter half of this year, and continue to wage the struggle against serious crimnals, serious economic criminals in particular. We should first resolutely and second correctly deal blows to serious criminals. We should concentrate main efforts and superior forces on grasping major and appalling cases, greatly make up our minds to carefully carry out the work, smash all obstacles, and investigate and handle cases in accordance with the law.

The forum put forward that while strictly dealing blows to serious criminals, the masses in the urban and rural areas throughout the province should carry out the struggle against thieves and those who sabotage social order. The masses should be mobilized to exposed and inform against criminals or to urge them to surrender to the police. The criminals who surrender to the police within the fixed time shall be handled leniently in accordance with the law. The criminals who engage in criminal activities to the neglect of the against serious criminals should be firmly dealt with. Habitual offenders and recidivists should be firmly punished.

The forum stressed that to realize as stable turn for the better in social order, we must strengthen the overall improvement in social order; pay attention to strengthening the consolidation and construction of the grass-roots mass organizations of self-government, such as public security, mediation, and civil adminstrative organizations; deeply carry out education on popularizing the law; and make efforts to mobilize the masses to prevent the occurrence of criminal cases and to improve social order.

HENAN SECRETARY SPEAKS AT PARTY SCHOOL GRADUATION

HK170251 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 16 Jul 86

[Text] On the afternoon of 16 July, the provincial Party School held this year's graduation ceremony. Secretary of the provincial CPC Committee Yang Xizong attended the ceremony. In connection with the province's actual conditions, he spoke on such issues as further emancipating our minds, carrying out reforms in an in-depth way, doing well in the province's economic work with everyone's coordination, working hard for accomplishing this year's tasks, strengthening unity, improving work and party style, and doing our work well.

Comrade Yang Xizong pointed out: In order to carry out reforms in an in-depth manner, we must continue to emancipate our minds and implement the central authorities' line, principles and policies in an innovative way. This is most important. To a certain extent and in certain areas, we should adopt flexible measures for continuously developing reforms in-depth way, while suiting our measures to actual conditions. When judging the flexibility of the measures and correctness of reforms, we must handle three issues well: First, they must not violate the spirit of the central authorities' general policy; second, they must help develp production, improve economic results, and increase social wealth so that both the state and people can benefit by the measures; and third, nobody is allowed to take advantage of office for personal gain.

On economic work, Comrade Yang Xizong pointed out: Our comrades must thoroughly understand the guiding ideology that the central task of the party is to do well in economic construction. The work in various areas must focus on the four modernizations and the development of economics, that there will be a common practice that the whole party engages in the four modernizations and economic work.

He also expounded profoundly on drawing lessons from Jiangsu and Zhejiang's experience in developing their economies by referring to the province's actual conditions.

On the issues of unity and party style, Comrade Yang Xizong said: The key to promoting unity among cadres rests with unity among members of the leading group. Leading cadres must act strictly in accordance with the party's principles. They should always take the overall situation into consideration, and should trust, respect, support and understand each other. The should handle issues of correcting party style well, hitting at crimes, as well as relations between the act of punishing someone for commiting crimes and the act of carrying out reforms and developing the economy. Leadership at all levels must take the lead in supporting reforms and developing the economy, as well as playing an exemplary role in safeguarding the party's unity and correcting party style.

In his conclusion, Comrade Yang Xizong hoped that the graduating comrades would continue their studies while engaging in their work, be bold in emancipating their minds, stand in the forefront of reforms, and resolutely suport and safeguard reforms. In the course of economic construction, they should give play to their roles and strive for greater achievements.

HU JINTAO AT GUIZHOU PREFECTURE LEADERS MEETING

HK151216 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 13 Jul 86

[Excerpts] With a view to summing up the work in the first half of this year, analyzing the situation, finding discrepancies, defining the orientation, working out measures, and further mobilizing all cadres and people of all nationalities throughout the province to unite as one, to work hard, and to strive to fulfill all quotas for the whole year, from 8 to 12 July, the Guizhou Provincial CPC Committee and provincial people's government held a meeting of the prefectural, autonomous prefectural, and city CPC Committee secretaries, commissioners, autonomous prefectural governors, and city mayors.

At the meeting, Comrade Wang Chaowen conveyed the important spirit of the central authorities [as heard]. Comrade Hu Jintao spoke about the situation in the work of the whole province in the first half of this year and the views on the work in the second half of the year. [words indistinct] Comrades Wang Chaowen and Ding Tingmo put forward demands on and made arrangements for the economic work and the work of party rectification and of straightening out party style.

The meeting held: Over the past 6 months, our province has made arrangements for and embarked on all aspects of work, centered on the implementation of Comrade Hu Yaobang's instructions while he was inspecting Guizhou and on the tasks put forward by the fifth plenary meeting of the fifth provincial CPC Committee. The overall situation can be summarized into two sentences: We have advanced in special difficulties. We have developed in persisting in reform. Specifically speaking, the work in the first half of the year roughly dealt with the following five aspects:

1. We unremittingly struggled against serious natural diasters, including drought, and strived for a good agricultural harvest.

2. With reform as the motive force, we began continuously changing the situation in the dropping of industrial production in the same period last year.

3. We made a new step forward in the work of helping the poor.

4. We scored marked achievements in straightening out party style.

5. We made new progress in building spiritual civilization.

In a word, after the concerted efforts of the people of all nationalities throughout the province, achievements in the building of two civilizations in the first half of this year were scored. [passage omitted]

The meeting emphatically put forward the following several problems to which attention should be paid in the work in the second half of the year:

1. We must carry forward the spirit of continuing to fight in spite of all setbacks and of pressing foward in the face of difficulties and trying in every possible way to fulfill the quotas for economic and social development for this year.

2. We must carry forward the realistic spirit and the spirit of blazing new trails and continue to develop reform in depth.

In reform of the economic structural throughout the province in the second half of this year, we must adhere to the spirit of consolidation, digestion, replenishment, and improvement and continue to grasp the following several points well.

First, we must grasp well the digestion and implementation of the existing policies of reform. At present, the focal points of the implementation and digestion of the existing policies of reform must be placed on the following two aspects:

1. It is necessary to seriously implement the enterprise system of the factory director assuming full responsibility, the system of economic contracted responsibilities, and various forms of the system of distribution according to work.

2. It is essential to seriously implement the provisions of the relevant policies on strengthening lateral economic ties.

Second, proceeding from realities, we mut be bold in carrying out exploration. The pilot projected of reform of the urban economic structure and the pilot project of reform of the county comprehensive structure have now progressed slowly and there are many problems. We must be determined, firmly grasp the good opportunity in the second half of the year, make concerted efforts, and strive to make a breakthrough. Reform of the political structure includes reform of the system of cadre personnel. We must also carry out new exploration.

Third, it is imperative to create a fine social and political environment for reform. [passage omitted]

3. We must seriously take such measures as are suitable to local conditions andd strengthen our province's stamina for economic development. The whole province and all places must correctly understand the factors that may restrict economic development during th Seventh 5-Year Plan period. We must get a clear picture of our province's strategy of economic development during the Seventh 5-Year Plan period so that we can reduce blindless in working out our annual plan in the future, use our limited financial and material resources where they are needed most, and obtain the best economic results.

4. We must pay attention to linking the exercise of leadership with grasping the grass-roots work and succeed in building the two civilizations. In view of this, giving play to the exemplary role of the leading organs must be integrated with strengthening the building of the grass-roots.

NORTH REGION

RURAL BEIJING PROMOTES PARTY RECTIFICATION

OW160955 Beijing XINHUA Domestic Service in Chinese 2313 GMT 15 Jul 86

[By reporter Yan Zhenguo]

[Text] Beijing, 16 Jul (XINHUA) -- Based on the actual situation among party members, rural Beijing has given first priority to ideological education at all stages of party rectification and achieved satisfactory results in rectifying party organizations.

Rural Beijing launched an experimental project of rectifying party organizations in groups and by stages in May 1985. Prior to carrying out the project, the guiding group for party rectification in rural Beijing conducted an investigation among party members and found that there were two major peculiarities among party members in rural Beijing: 74.6 percent of them were new party members who had joined the party after 1966, and 70.6 percent of the party members were not well educated, having received only junior middle school education at the most. As a result, their thinking, conduct, and organization could not meet the party's needs during the new period in many ways. Thus, the party organizations in rural Beijing made efforts to educate their members with a program that included party lessons, reports by heroes and models, exhibitions, exchanges of experience, home visits, heart-to-heart talks, and regular party activities.

First, they educated the party members on the party's objectives. They realized that reduced communist conviction and weak party spirit were conspicuous expressions of certain party members' low ideological and political consciousness, and that it was necessary to repudiate the influence of such notions as that "communism is but a vague illusion: and "it is a loss to be a party member." Thus, the guiding group organized the party members to study documents and discuss problems over and over again. The education helped the vast number of party members understand that serving the people wholeheartedly is the party's basic objective, and that their immediate obligation is to get involved in reform and actively guide the masses to work hard and become affluent.

Another measure the guiding group took was to educate the party members on the current situation and current policies. With reforms gradually proceeding in the rural areas, it became increasingly clear that certain party members were unable to keep pace with developments. Some party members erroneously believed that "cadres supervised and peasants worked for the sake of money," and some party members even considered reform a "retrogression." To solve this problem, the party organizations in rural Beijing, using such means as comparing the present and the past and studying theory, helped party members realize that reforms were bringing about an unprecedentedly excellent situation, that the situation showed that China was entering into a new stage with great historical strides, and that the party's current policies were in line with basic Marxist principles and China's actual situation. Consequently, the party members indicated that the study benefitted them a great deal and helped them distinguish right from wrong and understand the need to support reform and uphold policies.

Another important measure rural Beijing took to rectify the party organizations was education on party regulations and discipline. The guiding group held that ignorance of party regulations and lax party discipline were common problems among some party members, and that unless these problems were resolved they would affect the progress of reform and the gratifying situation.

Thus, they educated the party members on the importance of abiding by party regulations and enforcing party discipline, and guided them to study the regulations in the light of the actual situation. Meanwhile, they also combined the study of party regulations with rectification of misconduct within the party, thus making the study relevant and giving party members the opportunity to correct their mistaken concepts. The positive and negative examples on party discipline and regulations distributed in Mentougou District in the course of study educated many party members, prompting them to take the initiative in examining their misconduct of abusing power to seek personal gains.

NI ZHIFU MEETS WITH DPRK TRADE UNIONS DELEGATION

SK160631 Tianjin TIANJIN RIBAO in Chinese 30 Jun 86 p 1

[Text] Yesterday evening, Ni Zhifu, chairman of the All-China Federation of Trade unions, cordially met with the General Federation of Trade Unions of Korea delegation led by Kang Chong-pal, vice chairman of the General Federation of Trade Unions of Korea, at a guesthouse. He warmly welcomed the Korean guests' visit.

Amid a cordial and friendly atmosphere, the guests and the host jointly reviewed the great friendship and militant unity cemented with the blood of the Chinese and Korean peoples, and unanimously expressed their determination to further strengthen mutual exchange between the Chinese and Korean trade unions, and to develop friendly relations among the trade unions of the two countries. Also present on the occasion were Wang Shenxiang, secretary of the Secretariat of the all-China Federation of Trade Unions, and Pan Yiqing, chairman of the Tianjin Municipal Trade Union Council.

The Korean friends arrived in our municipality yesterday. The delegation visited the No 2 carpet plant, the ancient cultural street, and the Nanshi food street, and decided to leave Tianjin and return to Beijing today.

NI ZHIFU ATTENDS PARTY FOUNDING ANNIVERSARY RALLY

SK170213 Tianjin TIANJIN RIBAO Chinese 1 Jul 86 p 1

[Text] Yesterday evening, a literary and art soiree was held at the municipal No 1 Workers Cultural Palace to warmly celebrate the 65th anniversary of the founding of the CPC.

Leading comrades of the municipality, including Ni Zhifu, Wu Zhen, Nie Bichu, Zhnag Zaiwang, Yang Jingheng, Wang Shudong, Ji Zenghui, He Guomo, Chen Yiyi, Li Huifen, Bai Hua, Zhao Jun, Xu Ming, Fan Quan, Han Tianyao, Liu Jingeng, Xiao Yuan, Huang Difei, Wnag Yusheng, Yang Tianshou, Yu Fujing, and Zheng Wantong, and Tan Songping, a veteran comrade, and more than 2,000 representatives of party members and personages from all walks of life watched the performance.

Some professional and amateur art ensembles of Tianjin presented a chorus entitled "With the Communist Party There Would Be No New China," female solos entitled "In Memory of Yanan," and "My Motherland," as well as some colorful programs which included dancing, and a suite of songs and dance to warmly eulogize the great achievements of the CPC.

HEILONGJIANG SECRETARY AT MEETING ON PARTY STYLE

SK170923 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 16 Jul 86

[Text] The provincial meeting to exchange experiences in correcting party style with the participation of leaders of all prefectures, cities, and provincial-level units was held in Harbin on 16 July. Attending the meeting were more than 3400 people, including secretaries of the prefectural and city CPC committees and discipline inspection commissions, heads of the prefectural and city party rectification offices, secretaries of the leading party groups of the provincial-level departments, commissions, general offices and bureaus, and heads of the discipline inspection groups of the provincial-level departments, commissions, general offices and bureaus.

At today's meeting, Xie Yong, deputy secretary of the provincial Discipline Inspection Commission, relayed the guidelines of the forum on discipline inspection work participated in by eight provinces, regions, and municipalities in north and northeast China sponsored by the Central Discipline Inspection Commission. (Zhao Da), head of the party rectification office under the provincial CPC Committee, relayed the guidelines of the meeting of the Central Party Rectification Guidance Committee held in Zhengzhou. Seven units, including the Harbin and Mudanjiang City CPC Committees, the leading party group of the provincial construction bank the Qiqihar, Qitaihe, and Shuangyashan City CPC Committees, and the provincial general publication office, made speeches to introduce their typical examples and experiences in strictly and earnestly correcting party style, consolidating the achievements in party rectification, investigating and handling major and appalling cases, correcting unhealthy practices of trade, promoting reform, and facilitating the progress in the work in all fields.

Attending today's meeting were leading comrades of the provicial CPC Committee, the provincial Advisory Commission, the provincial People's Congress, the provincial CPPCC Committee, and the provincial Discipline Inspectin Commission, including Sun Weiben, Hou Jie, Li Genshen, Zhou Wenhua, Wang Zhao,, Zhang Lin, Lu Guang, and Wang Fei.

LIAONING COMPLETES TRANSFER OF ARMED FORCES DEPARTMENTS

SK130320 Shenyang LIAONING RIBAO in Chinese 29 Jun 86 p 1

[Excerpts] The rally to transfer People's Armed Forces departments to the local organizational systems, which concluded on 25 June, indicated that our province has satisfactorily accomplished the work of transferring people's armed forces departments to the local organizational system.

Since the province began to carry out the transfer work in accordance with the unified plan of the CPC Central Committee, the State Council, and the Central Military Commission, the People's Armed Forces departments at the provincial, city, and county (district) levels have successively held meetings on the transfer work, have set up leading groups in charge of the work, and have made specific arrangements for carrying out the work. The provincial military district organized and sent nine work groups to conduct investigations and study and to give instructions on the transfer work to the People's Armed Forces departments of various localities. With the concerted efforts of the party committees, governments, and Army units at all levels, the province has accomplished the transfer work in a fast and smooth manner and has scored high results in it on the prermise that the localities, Army units, and People's Armed Forces departments were satisfied with the work. [passage omitted]

On 24 and 25 June, the provincial CPC Committee, the provincial government and the provincial military district jointly held a rally to transfer the People's Armed Forces departments to the local organizational system at the Beijing Soldiers' Club. Principal party, government, and army leaders from various counties (cities, districts, and enterprises) throughout the province and principal leaders of the People's Armed Forces departments attended the rally. Sun Qi, deputy secretary of the provincial CPC Committee; Zuo Kun, vice governor of the province; Wang Youhan [3769 2589 5060], commander of the provincial military district; and Liu Dongfan, political commissar of the provincial military district, delivered speeches at the rally. In their speeches they reviewed the major contributions and basic working experiences of the province's People's Armed Forces departments over the past 35 years and placed new expectations and demands on the local party committees, governments, and People's Armed Forces departments.

Respectively on behalf of the grass-roots party committees and the grass-roots People's Armed Forces departments, Lu Bo [4151 3134], secretary of the Shenhe District CPC Committee in Shenyang City, and Liu Wennian [0491 2429 1628], director of the Faku County People's Armed Forces Department, delivered speeches. Leaders of the Shenyang Military Region, including Commander Liu Jingsong, visited the cadres of the People's Armed Forces departments and the party, government, and Army leaders participating in the rally and also posed for a photo with them. Liu Jingsong encouraged the vast number of cadres of the People's Armed Forces departments to maintain and carry forward the fine tradtions of the People's Armed Forces, to ceaselessly study the new situation and solve new problems, to strive to create a new situation in their work, and to selflessly dedicate themselves to the construction of the armed forces of the party and the people. Song Keda, political commissar of the Shenyang Military Region, read the letter of the party committee of the Shenyang Military Region to all comrades of the People's Armed Forces departments of the counties (cities, districts, and enterprises) in the three provinces of northeast China.

Also attending the rally were party, government, and Army leaders, including Zhu Dunfa, Li Zemin, Peng Xiangsong, Zhang Tiejun, Nan Qixiang and Gao Xiasheng.

HONG KONG-EEC TEXTILES AGREEMENT EXPECTED QUICKLY

HK170939 Hong Kong HONG KONG STANDARD in English 17 Jul 86 p 1

[By Cynthia Suen]

[Text] The second round of Hong Kong-European Community textiles negotiations -- originally scheduled for September -- will begin in Brussels today.

The fact that the talks are to take place ahead of the plan suggests the two sides intend to conclude an early agreement.

The Textiles Advisory Board (Textab), as well as the Secretary for Trade and Industry Eric Ho, flew to Brussels earlier this week to join the Hong Kong negotiation team -- further indicating that an agreement might be close at hand.

"It is likely that Hong Kong wants to settle the two major textiles agreements before the renewal of the Multi-Fibre Arrangement in order to give more security and certainty to the trade," said Mr Lawrence Mills, director-general of the Federation of Hong Kong Industries.

Two weeks ago, Hong Kong concluded a six-year bilateral textiles agreement with the United States. The terms were more restrictive than those in the previous agreement, but Hong Kong trade officials stressed that the signing of the agreement gave textiles exports more stability in the few years to come.

But while the U.S. has been taking a rather protectionist stand since last year, the EC this time is relatively more open.

It had earlier issued a mandate which promised no cutbacks on quotas already in the hands of exporting countries.

However, the growth rate allowed for Hong Kong, Taiwan, South Korea and Macao -- the so-called dominant suppliers -- was significantly lower than other lesser suppliers.

An annual growth rate of 0-1 percent was provided for eight sensitive items exported by the big four, whereas others were allowed a growth rate of 4-6 percent.

Automatic transfer of quotas between countries within the community was allowed for major suppliers from 1-6 percent over 4 years, but 2-12 percent was provided for other suppliers.

PRE-1949 BRITISH RAIL-BOND DEBT WILL REMAIN

HK170940 Hong Kong HONG KONG STANDARD in English 17 Jul 86 p 1

[By Eva To]

[Text] An early solution to China's pre-revolutionary British rail-bond debt looks unlikely despite agreement by London and Moscow on a mutual waiver of a similar debt yesterday in England.

China's British bonds -- sterling-denominated -- are estimated to be worth nearly 200 million sterling or U.S. $300 million, including interest and mutual payments.

Like Moscow before its change of policy, Beijing refuses to recognise the debts incurred by governments before the communists took power in 1949. As a result, China is barred from making fresh issues in either of the world's greatest financial centres -- London or New York.

The urgency for an early solution to this historical problem has increased in recent years as China felt a mounting need for greater financial flexibility in Eurobonds since the start of the open door policy in 1979.

"For reasons of face, it is unlikely that China will follow Moscow's action too quickly despite of the urgent need for capital for its modernization programme," merchant bankers said yesterday.

This is in spite of top Chinese officials' acknowledgement that the funding effort of the country could be hampered by the nagging problem of the old rail-bond debts.

Though it is important to China to be able to tap the London and New York markets, the availability of other financial instruments makes it affordable for China to delay its decision over the rail-bond debt, another banker said.

"China's failure to meet its capital-market obligations does not necessarily make it a leper in the money market," he stressed.

The Bank of China succeeded in issuing a U.S. $200 million floating-rate certificates of deposit -- a money-market instrument [CD] -- through its London office late last year. The Bank of England has not held its line at the CD issue.

Merchant bankers pointed out the difference between a capital-market instrument, which covers bonds, and a money-market instrument, which covers CDs and can be traded in the market and the Bank of England does not have a say in such matters.

They further pointed out that China also has leeway through issuing bonds denominated in U.S. dollars, which the British government probably has no legal power over, as it does with a sterling issue.

Banking sources said that the Bank of England's move in advising leading Eurobond houses not to join this recent CD issue of Bank of China has cause considerable resentment among the Eurobond community for interference in the supposedly-free market.

GUANGXI TO LIMIT FOREIGN INVESTMENT IN SERVICES

HK170942 Hong Kong SOUTH CHINA MORNING POST in English 17 Jul 86 BUSINESS POST Supplement p 2

[Text] China's southwest province of Guangxi is discouraging foreign investment in the hotel and servicing sector.

Instead, the province is putting emphasis on productive industries and mineral resources exploration.

The change in focus for attracting foreign investment was revealed recently by the deputy director of Guangxi's Foreign Economic Relations and Trade Commission, Mr Shen Yuefeng, during a brief stopover in Hong Kong.

Mr Shen said that there had been a concentration of investment in tourism in the past two years.

"It is likely that we will not be signing new hotel contracts this year," he said.

In fact, none of the 34 projects put up by the province for economic co-operation this year was related to the services sector.

Most called for foreign experties in export-oriented industries and the exploration of mineral resources.

Examples are the production and processing of granite, marble and titanium dioxide.

Observers said it was not surprising that many Chinese provinces, incluing Guangxi and Fujian, should put a brake on hotel ventures after the "hotel boom" of the past two years.

Mr Shen said the large number of hotel agreements signed in the past stemmed from a real need for better accommodation facilities.

Guangxi, he said, had signed more than 250 agreements carrying a total pledged foreign investment of U.S. $370 million between 1979 and last year.

Only one-third, or $120 million, had so far been channelled into the province, but as half of the 250 agreements were signed last year, more ventures would materialise this year.

The province's pace of attracting new investment had slowed since January, and the figure for the first five months of this year amounted to only $28 million.

Mr. Shen, who was returning from a visit to Singapore, said Guangxi would stage a large-scale trade fair and tourism promotion campaign in Singapore next month.

It is the first Chinese province to stage such a comprehensive sales campaign in Singapore.

The 10-day trade fair will be opened by Guangxi's deputy governor, Mr Wang Rongzhen, who will head a high-level official delegation to Singapore.

Guangxi hopes to capture a bigger share of the Southeast Asia export market through the Singapore promotion.

Last year, Southeast Asia as a whole imported only U.S. $17 million worth of goods from Guangxi, or less than five percent of its total exports valued at $372 million.

Mr Shen said Guangxi will also use the Signapore expo to negotiate with interested parties on the 34 projects in which the province is seeking foreign economic cooperation.

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HELD NEW YORK TIMES REPORTER 'IN GOOD SPIRITS'

HK210508 Hong Kong AFP in English 0501 GMT 21 Jul 86

[By Lawrence Macdonald]

[Text] Beijing, July 21 (AFP) — NEW YORK TIMES reporter John Burns, under detention here for five days on possible spy charges, is being treated well and is in good spirits, his wife said after a one hour visit with him.

Mr. Burns, 41, smiled and waved at reporters through the narrow gate of a public security bureau compound as he emerged from a morning meeting with his wife, Jane Scott Long, and their two young children. Dressed in a button-down blue shirt and tie, the tall, bearded correspondent briefly lifted and and held each of his children, ages two and five, then kissed his wife goodbye.

"He's in good spirits," Mrs. Scott-long said as she stepped through the gate. "I think they've been fairly considerate, they're treating him like a privileged prisoner," she said.

Mr. Burns was given two exercise periods a day and spent the rest of his time in a padded cell, she said. In keeping with the rules of the Paozhu Detention Centre where he was being held, the light was left on in the cell throughout the night, she said.

Earlier Mr. Burns, who travels on a British passport, had meetings with representatives of the British and U.S. Embassies, each of whom said afterwards that he was in good spirits but declined to comment on the details of the case.

A.M. Rosenthal, executive editor of THE NEW YORK TIMES, who arrived here Saturday, spent the morning standing outside the gates of the public security bureau compound with a crowd of foreign reporters.

He said arrangements had been made for him and NEW YORK TIMES foreign news editor Warren Hoge to see Mr. Burns in the afternoon.

Lynn Noah, U.S. Embassy press counsellor, said after his meeting with the correspondent that he was still under investigation but had not yet been charged. Citing an official statement from Washington, Mr Noah said the State Department was continuing to press for full information on the case and had "full confidence in the journalistic integrity of Mr. Burns."

Chinese officials have informed the United States that Mr. Burns was under investigation for entering an area forbidden to foreigners and carrying out intelligence activities. Interrogation since his detention Thursday morning has centered on a motorcycle journey he made with a U.S. Justice Department lawyer and a Chinese friend to areas of northern Shaanxi Province which are not open to foreigners.

Mr. Noah said the United States had expressed to China its "extreme concern about the case and had urged the Chinese Government and appropriate Chinese authorities to provide the fullest possible information at the earliest possible date."

Asked if there was any message from Mr. Burns, Mr. Noah said "just that he is well, and in good spirits and is confident that he will soon be released."

The embassy was continuing to press the Chinese Government to provide access for Mr. Rosenthal to the relevant Chinese officials, he said. Mr. Rosenthal has repeatedly affirmed his newspapers' faith in its correspondent and said the investigation was the result of a "misunderstanding."

The Paozhu Detention Centre where Mr. Burns has been held is located on the outskirts of the city, surrounded by high walls topped with barbed wire. Observers said police had apparently moved him early this morning to the Beijing Public Security Bureau Foreign Affairs Office, a traditional countryard-style structure on a shaded street, to minimize adverse publicity.

As the crowd of foreign reporters stood outside the compound gates, plain clothes policemen were seen quietly directing curious onlookers to move along.

A Chinese youth in a t-shirt and bluejeans filmed the foreign reporters with an expensive mini-video camera but pulled away when correspondents attempted to photograph him. Pursued by one reporter he said taking such pictures was his "hobby."

Mr. Burns has been Beijing correspondent for THE NEW YORK TIMES since November 1984. He was previously here from 1971 to 1975 for the TORONTO GLOBE AND MAIL.

'No Evidence' of Spying

HK210814 Hong Kong AFP in English 0808 GMT 21 Jul 86

[Excerpt] Beijing, July 21 (AFP) --Investigations of a NEW YORK TIMES reporter under detention here five days for possible "intelligence activities" have uncovered no evidence of spying, THE NEW YORK TIMES executive editor quoted the chief investigative officer as saying Monday.

Editor A.M. Rosenthal said he told the officer, identified only as "General Zhang," that the detention of NEW YORK TIMES correspondent John Burns would seriously diminish the imgage of China abroad and had already begun to do so.

"I said that damage was done and the time had come for damage control and that damage control consisted of releasing him quickly. I emphasized quickly because I believe that every day will be more and more damaging to this country." Mr Rosenthal said. Mr Rosenthal said the police official, who has overseen Mr burns' interrogation since his initial detention Thursday, told him there was no evidence that Mr Burns had been spying.

"They did not use the word to me 'spying' or 'espionage' and as a matter of fact at one point General Zhang said that there was not any evidence of spying," Mr Rosenthal said.

The spokesman for the Public Security Bureau refused to comment on Mr Rosenthal's remarks or otherwise clarify the issue.

Mr. Burns, dressed in a blue button-down shirt and tie, was seen at the end of the meeting with Mr Rosenthal chatting and laughing with him and international news editor Warren Hoge before waving at reporters and disappearing inside a building. Minutes later he was driven through the gate in a black van with heavily tinted windows apparently returning to the Paozhu Detention Centre in northern Beijing.

Mr Rosenthal said that the Chinese Government had treated him courteously and that he was thankful for the chance to see Mr Burns, but he strongly warned that the detention would hurt China's image abroad.

"John Burns is an outstanding correspondent who is known to have great empathy for China and what the government is trying to do," he said. "He works for a newspaper, THE NEW YORK TIMES, which has also had great sympathy for efforts of the Chinese people and the Chinese Government to improve the nation. This is known around the world."

"I said to General Zhang, if a reporter like John Burns, working for a newspaper like THE NEW YORK TIMES, can be harrassed at an airport for 15 hours and then detained for four of five days, then I fear that the picture of China around the world will diminish seriously."

"I said that John Burns was a newspaperman first and last, he is no more of an intelligence agent than my grandmother, who I assure you is not an intelligence agent," Mr Rosenthal said.

Mr Rosenthal said that the chief investigator had listened politely and said he would take note of what the editor had said. "There will be no personal satisfaction for us, nor will the situation improve as far as relations between our two governments, our two people's until he is released," he said.

Mr Burns was kept in a 9-foot by 12-foot (3-metre by 4-metre) padded cell with a 24-hour guard where the light was left on day and night. He spent his time "reading the collected works of Deng and thinking about his family," the editor said. [passage omitted]

PRC BUYS NUCLEAR PLANT SIMULATOR FROM U.S.

OW181432 Beijing XINHUA in English 0727 GMT 18 Jul 86

[Text] Beijing, July 18 (XINHUA) -- China has bought a simulator from the United States to train nuclear power plant operators, according to the National Nuclear Safety Administration of China. The administration's chief engineer Lin Chengge told XINHUA today that the simulator for a 900,000-kilowatt nuclear plant has been shipped to Beijing's Qinghua University.

A simulator duplicates the control panels used by reactor operators, which is tied into a computer that simulates the actions of a power plant. Qinghua University is now renovating a building to house the simulator. Trial training of Chinese nuclear plant operators is expected to start in the latter half of 1987, according to Chen.

The chief engineer said the simulator allows reactor operators to practise running a nuclear plant under the normal or accidental conditions, and helps them do accurate operations and handle accidents of different kinds. The National Nuclear Safety Administration will, Chen said, strictly train and examine operators in line with international standards and procedures. Successful trainees will be given licenses. The administration is now working out license regulations for nuclear plant operators. Quality of operators will be an important guarantee for safety operations.

It is learned that the administration and Qinghua University will have some of their personnel trained abroad to become instructors at the simulator training center.

ECONOMIC, TRADE DELEGATION DEPARTS FOR MOSCOW

OW201406 Beijing XINHUA in English 1333 GMT 20 Jul 86

[Text] Beijing, July 20 (XINHUA) -- A Chinese economic and trade delegation headed by Jia Shi, president of the China Council for the Promotion of International Trade, left here today for Moscow. It will open a Chinese economic and trade exhiibition in Moscow from July 25 to August 10, and pay a friendly visit to the Soviet Union.

USSR SETS UP FAR EASTERN MILITARY COMMAND POST

OW200636 Beijing XINHUA in English 0620 GMT 20 Jul 86

[Text] Tokyo, July 20 (XINHUA) -- Soviet troops have set up a forward command post in the far eastern theater of operations near the coastal city of Khabarovsk, today's newspaper "SANKEI SHIMBUN" quoted international military sources as saying.

According to the sources, the establishment of the post is a bid to strengthen the three Soviet armed services operating in the Pacific region, particularly in the Kamchatka peninsula, the Sea of Okhotsk, Sakhalin Island and the Sea of Japan. But the report said the post's scale and directive ability are not known.

The post's coastal location is an indication, "SANKEI SHIMBUN" quoted experts as saying, that the Soviets are striking an offensive pose in the East Asian theater of operations.

They predicted a more active operation of Soviet troops in the region, which, if borne out, would be proof that the Soviet Union is gradually turning away from its traditional Far Eastern military target of China, and pointing toward the U.S. and Japan.

There are two military headquarters on the Kamchatka peninsula and the Sakhalin Island.

JILIN GOVERNOR RECEIVES SOVIET FRIENDSHIP DELEGATION

SK190602 Changchun Jilin Provincial Service in Mandarin 2100 GMT 19 Jul 86

[Text] On the morning of 18 July, Gao Dezhan, governor of the province, received the delegation of the Maritime regional branch of the USSR-China Friendship Association headed by (Tanfuerbaletexie Yiwannu), vice chairman of the Maritime Kray Executive Committee and director of the maritime regional branch of the USSR-China Friendship Association.

Governor Gao Dezhan expressed welcome to the delegation and had a conversation with them in a friendly atmosphere. Both sides stated that they will make concerted efforts to facilitate friendly contacts and economic exchanges with each other.

After winding up its friendly visits to our province, the delegation left Changchun by train on the morning of 18 July for home by way of the Suifen He port.

Gao Wen, vice governor of the province and deputy director of the Jilin provincial branch of the Sino-USSR Friendship Association; and Bi Kebin, head of the provincial Foreign Affairs Office, saw the delegation off at the railway station. Zhu Wenyu, deputy head of the provincial Foreign Affairs Office and deputy director of the Jilin provincial branch of the China-USSR Friendship Association, accompanied the delegation to Suifen He port.

During its staying in Changchun, the delegation, respectively accompanied by Gao Wen, vice governor of the province; and (Wang Jiatong), mayor of Changchun City, visited the Changchun film studio, the Changchun No. 1 vehicle plant, the Changchun tractor manufacturing plant, the Changchun department store, and an agricultural trade market in Guangfu Road. The delegation also presented wreaths to the People's Square and the Soviet martyrs' monument.

USSR-PRC AMITY SOCIETY HOLDS EVENING PARTY

OW190627 Beijing XINHUA in English 0543 GMT 19 Jul 86

[Text] Moscow, July 18 (XINHUA) -- Soviet and Chinese cultural and art activities have played an important part in the development of friendship between the two countries and the Soviet Union hopes to further strengthen their relations.

This was stated by V.M. Solntsev, vice-chairman of the board of the Soviet-Chinese Friendship Society, when he hosted an evening party here today to mark the 30th anniversary of a Soviet-Chinese cultural cooperation agreement.

Some activists of the society and representatives from Soviet cultural circles made speeches and several singers gave performances at the party, which was also attended by Chinese Embassy officials.

XINHUA ON USSR CONDEMNING U.S. NUCLEAR TEST

OW181420 Beijing XINHUA in English 1206 GMT 18 Jul 86

[Text] Moscow, July 18 (XINHUA) -- The Soviet Union news agency TASS today condemned yesterday's nuclear test in Nevada by the United States and accused the U.S. of "winding up the clock of atomic death."

TASS reported this is the 14th test conducted by the United States since Moscow announced its unilateral nuclear test moratorium last August. The U.S. test ignored the Soviet Union's call for joining in the moratorium and confirmed Washington's adherence to the nuclear arms race, TASS said.

The test shows the Reagan administration is "winding up the clock of atomic death. Time is running out and fewer and fewer opportunities remain for taking joint radical and defective measures to curb the arms race," TASS said.

PRC WRITER ON USSR POLICY ADJUSTMENT TOWARD U.S.

OW162035 Beijing Domestic Service in Mandarin 1050 GMT 16 Jul 86

["Excerpts" of article by (Shu Xiangdi) in issue No 14 of SHIJIE ZHISHI, entitled: "Readjustment of Soviet Policy Toward the United States"]

[Text] Since Gorbachev took office, the Soviet Union has made some adjustments in its foreign policy. At the 27th CPSU Congress, Gorbachev clearly regarded the strengthening and development of Soviet strategies, the invigoration of the economy, and the strengthening of the Soviet Union's combined political, economic, and military might as strategic goals of great urgency in order to ensure that the Soviet Union will be in a favorable position in the struggle against the United States for hegemony in the future, particularly in the next century. Proceeding from this guiding ideology and fundamental strategic goal, the Soviet Union is eager to create a favorable international environment in order to gain some time to help it strengthen and develop its strategies. The Soviet Union held that Soviet-U.S. relations would affect the overall situation; therefore, it focused its attention on Soviet-U.S. relations in readjusting its foreign policy.

Since the beginning of this year, the United States has applied continuous pressure on the Soviet Union. Tension has once again heightened in areas of Soviet-U.S. relations which were once relaxed. In this respect, the Soviet Union has remained adamant in acting according to the principle laid down by the 27th CPSU Congress. That is: Without forsaking the general principle of struggle against the United States for hegemony, the Soviet Union seeks to improve and relax Soviet-U.S. relations and to maintain negotiations and dialogues between the two sides. The Soviet Union seeks to prevent the type of extreme tension and confrontation and the type of ossified and strained situations which prevailed in the early eighties.

By means of disarmament, the Soviet Union seeks a low-level military and strategic balance. At the same time, it will try its best to obstruct or delay the U.S. star wars plan, work out rules for a low-level arms race between the United States and the Soviet Union, and avoid being economically weakened by the United States. Without giving up the interests already gained in the 1970's, the Soviet Union will try its best to avoid direct regional clashes with the United States. Therefore, in the face of an overbearing U.S. stance, the Soviet Union has restrained itself to a certain extent.

Tactically, it has adopted a flexible policy of dealing softly with the hard U.S. line. The specific method adopted by the Soviet Union is: Politically it launches frequent peace offensives against the United States, and repeatedly gives widespread publicity to Soviet sincerity for peace and its proposals for disarmament, while trying to win sympathy and support from world public opinion.

The Soviet press openly asserts that the peace offensive must be kept up without relaxation because success will hardly come easily. In his speech at the 27th CPSU Congress, Gorbachev alleged that the Soviet Union is prepared to make accommodations which are acceptable to both sides, with the aim of promoting dialogue and mutual understanding instead of confrontation. Gorbachev said again in April that, despite the current uneasiness in Soviet-American relations, the Soviet Union has not lost hope. The Soviet Union has expressed its willingness for a Soviet-American summit without any preconditions.

On 5 May, the newly-appointed Soviet Ambassador to Britain Zamyatin asked Prime Minister Thatcher to relay to Reagan the message that the Soviet Union is ready to prepare for the second Soviet-American summit in order to promote detente between the two sides.

On arms control, the Soviet Union launched a barrage of disarmament proposals in an attempt to shift the onus of failure to reach an agreement onto the United States, thereby putting the latter in a defensive position. On 15 January 1986, Gorbachev presented a basket of disarmament proposals leading to the total elimination of nuclear weapons in three stages within 15 years. Later, he declared a unilateral moratorium on nuclear testing, and proposed that the Soviet and American naval fleets withdraw from the Mediterranean. He also called for a reduction in conventional weapons and troops in Europe, and so on and so forth. To push for arms control talks, Gorbachev has expressly agreed that Europe's intermediate-range missile issue can be resolved on an independent basis, instead of sticking to the former condition of directly linking it with the issues of strategic and arms and space. He has also agreed to supervision and verification.

On regional issues the Soviet Union, apart from preserving its vested interests, has also exercised restraint vis-a-vis the United States. For example, with regard to the U.S. attacks on Libya, the Soviet Union has rendered mere verbal support to Libya and launched only verbal attacks on the United States. Manifestly, the Soviet Union desires that the Libyan incident will not further worsen Soviet-American relations. The Soviet Union has also strived to avert a head-on collision with the United States on the Syrian and Central American issues.

The root cause of the Soviet adjustments in its policy toward the United States lies in its strategy of accelerated development. To this end, it hopes for a period of truce with the United States.

Tension in Soviet-U.S. relations does not benefit the Soviet Union, but can only aggravate its difficulties. The Soviet Union has encountered considerable resistance in its domestic economic reforms. The steep fall in world petroleum prices has reduced Soviet foreign exchange earnings, and created additional difficulties for the Soviet economy.

It seems that the Soviet Union is basically trying to seek stability and avoid confusion. The Soviet Union believes that by meeting U.S. toughness with flexibility, without compromising in substance, it may obstruct or delay the U.S. star wars plan and frustrate the U.S. attempt to drag down the Soviet Union in the arms race.

Of course, all countries in the world today universally call for peace, disarmament, and relaxation of international tension. Peace is the aspiration of all people, and prosperity is the objective of all countries. Therefore, the Soviet Union believes that by upholding the banner of peace and disarmament, it will be able to gain an upper hand politically and in propaganda.

The readjustment of Soviet policy toward the United States is a tactical, as well as strategic matter. In view of Gorbachev's call for accelerated development of strategy, it is unlikely that the Soviet Union will easily change it policy of detente with the United States. However, there are certain limits in Soviet tolerance, restraints, and compromise; that is, U.S. actions should not threaten the vital interests of the Soviet Union, or tip the existing Soviet-U.S. military balance. Moreover, the United States should not demand unilateral concessions from the Soviet Union on major issues. Within these limits, there should be no sudden changes in Soviet policy toward the United States.

It is more likely that the Soviet Union will postpone the readjustment of its policy toward the United States until Reagan's term ends and a new U.S. president takes office. It is estimated that the Soviet Union, as a superpower, will not make many concessions to the United States. So far, it has indeed never made any concessions on fundamental issues. It is worthy to note that while demonstrating its flexibility, the Soviet Union has all along stressed its principled stand; i.e., the United States and the Soviet Union should seek compromise based on mutual, equal security and reciprocal principles. Gorbachev declared on 30 May that under no circumstances would the Soviet Union make unilateral concessions or be affected by political, economic, or military pressure. On the issue of the arms race, Gorbachev said that the Soviet Union would find satisfactory strategy to deal with the star wars plan, that the arms race will not exhaust the Soviet Union, and that the United States will not be able to gain an upper hand in space nor surpass the Soviet Union in technology. In regional rivalry, the Soviet Union will not withdraw from its interests vested in the 1970's because of U.S. pressure.

Thus, it can be seen that if the United States persists in its hardline policy, it is possible that the Soviet Union will resort to a tit-for-tat policy.

XINHUA CITES TASS ON SOYUZ T-15 RETURN

OW170238 Beijing XINHUA in English 0139 GMT 17 Jul 86

[Text] Moscow, July 16 (XINHUA) -- Two Soviet cosmonauts returned to earth today after a 125-day space flight, the TASS news agency reported. Their Soyuz T-15 descent module made a soft landing near Arkalyk in northern Kazakhstan, 3,000 kilometers northeast of Moscow, TASS said. The two, Leonid Kizim and Vladimir Solovyev are feeling well, the agency added.

Commander Kizim and engineer Solovyev blasted off from earth in a Soyuz T-15 craft on March 13 and docked their spacecraft with the Mir orbital station two days later. The Mir station, launched February 20, is a third generation space station equipped with a novel docking arrangement consisting of six docking units.

On May 6, the two cosmonauts completed the first stage of research work in the station, left it and docked their Soyuz T-15 with another orbital station, Salyut-7, which has been in space since April 1982. They spent 50 days in the station, making space walks twice, building and then dismantling a 15-meter truss on the surface of the station for the first time in the history of space exploration.

They returned to the Mir station June 26 and continued a research program until yesterday, when they began making preparations for their return to earth.

The Soviet space program emphasizes the establishment of a permanently manned orbiting space station instead of the reusable space shuttle used by the United States.

Kizim, 44, and Solovyev, 39, are among the most experienced cosmonauts in the Soviet Union. They set an endurance record of 238 days aboard Salyut-7 with their colleague Oleg Atkov in 1984.

WU XUEQIAN NOTES CONCERN OVER INDIAN ALLEGATIONS

OW191444 Beijing XINHUA in English 1424 GMT 19 Jul 86

[Text] Beijing, July 19 (XINHUA) -- Chinese Foreign Minister Wu Xueqian said here tonight he hoped China and India would "consider the interests of the two nations" as they discussed border issues this week. Wu made this remark at a meeting with a delegation form India led by Foreign Secretary A.P. Venkateswaran. The delegation arrived today for three days of talks beginning Monday. Earlier this week, officials of the Chinese Foreign Ministry said Indian charges of Chinese violations of the Tibet-India border in June were "unjustified."

The talks this week will be the seventh round since border discussions began in 1981. "Border issues were left to us by history," Wu told the Indian representatives. "But over the last two years, relations between our countries have been somewhat developing. We have worked on these issues in a spirit of trying to solve the problems and arrive at mutual understanding."

Wu, who is also state councillor, said the atmosphere as the new round of talks approaches is "not as good as it was before the last few rounds." He said, "You have made some public statements, some Indian newspapers have run some articles, and our mass media has had to respond. All of this is not conducive to successful talks," he said. "The atmosphere is not what we had hoped for." However, Wu said, "I hope both of us will stick to the facts and reason things out calmly."

Venkateswaran said some of the Indian papers' coverage was factual and some others are not. He said the solution to the border issue would help build friendship between the two countries. He said he expected the talks this week would proceed in a constructive atmosphere and that they would result in progress.

Leader of the Chinese delegation to the talks is Liu Shuqing, vice-minister of foreign affairs.

Indian Delegation Feted

OW201400 Beijing XINHUA in English 1330 GMT 20 Jul 86

[Text] Beijing, July 20 (XINHUA) -- Liu Shuqing, leader of the Chinese delegation to the seventh round of talks between Chinese and Indian officials, gave a banquent here this evening in honor of the Indian delegation to the talks heded by A.P. Venkateswaran.

In his speech, Liu, vice-minister of foreign affairs, expressed the wish that the new round of talks to start tomorrow morning in Beijing, will produce results.

He also hoped the two sides would continue to work in the spirit of friendly cooperation to resolve the Sino-Indian boundary issue as early as possible and further their bilateral relations.

Venkateswaran, who is Indian foreign secretary, said he was sure that India and China which are closely linked by history and culture, will certainly resolve their boundary question. He added that complicated as it is, the boundary question can be settled as long as the two sides have the sincerity to do so.

ZHAO ZIYANG CONTINUES EUROPEAN, AFRICA TRIP

Visits Ataturk's Tomb

OW181112 Beijing XINHUA in English 1049 GMT 18 Jul 86

[Text] Ankara, July 18 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang this morning paid respect to the mausoleum of Mustafa Kemal Ataturk, the founder of the Republic of Turkey.

Accompanied by Turkish Ambassador to China Behic Hazar, the premier laid a wreath in front of the tomb of the father of the Republic of Turkey. On the white silk ribbons of the wreath were written the words: "To Ataturk, the founder of the Republic of Turkey! Mustafa Kemal Ataturk, national hero and the first president of the Turkish Republic, was born in 1881 and died in 1938. The Mausoleum was built on a hilltop near the capital city, reached by marble-paved with stone lions lining on both sides. The whole area covers about 70 hectares, surrounded by woods with trees contributed by many countries.

After laying the wreath, Premier Zhao visited an exhibition displaying objects associated with the president's life. In the visitor's book, Premier Zhao wrote: "The Chinese people have lofty and sincere respect for Kemal Ataturk, the founding father of the Republic of Turkey". Premier Zhao then proceeded to continue talks with Turkish Prime Minister Turgut Ozal.

Further Talks With Ozal

OW181428 Beijing XINHUA in English 1355 GMT 18 Jul 86

[Text] Ankara, July 18 (XINHUA) -- Chinese Premier Zhao Ziyang spent more than two hours here this morning discussing with his Turkish counterpart Turgut Ozal mainly the ways and means for furthering economic and trade cooperation between their countries on the basis of equality and mutual benefit.

This was their second meeting since Premier Zhao flew in here from Madrid Thursday afternoon on the fifth leg of his six-nation Balkan-Mediterranean tour. The first meeting took place in the evening shortly after Zhao's arrival.

A Chinese Foreign Ministry official told the press after the talks that the two premiers reviewed with delight and satisfaction the progress of bilateral friendly relations made in various fields since Ozal's China visit last year. They also exchanged views on international issues of mutual concern, he said.

The Turkish prime minister offered a number of positive proposals as how to increase two-way trade, economic cooperation and how to work on jointly contracted projects in the third countries. He pointed out that Turkish-Chinese cooperation in the above-said fields could provide a good example for South-South cooperation.

Premier Zhao said that Sino-Turkish relations have been developing well in the past two years, and have entered a new stage of friendly cooperation on the basis of mutual respect and mutual trust. There is still a great potential, he added. Zhao agreed to Ozal's proposals on increasing bilateral trade.

Both China and Turkey should explore the possibility of exchanging major commodities on a long-term basis that help supply each other's needs, Zhao pointed out, so as to increase their trade volume steadily. Sino-Turkish trade relations should be established on a long-term and stable basis, he said.

Zhao stressed the importance of enhancing the economic cooperation in various forms between China and Turkey. China has interest in building hydrolic and thermal power stations in Turkey, he said, and it is also willing to study the feasibility of setting up joint ventures and exchanging technologies. He also encouraged Turkish entrepreneurs to invest in China.

The Turkish prime minister expressed his appreciation of the Chinese Government's enthusiasm in enhancing the economic cooperation and trade relations between the two countries and the specific proposals it had put forward for this purpose. In order to put into effect those proposals as soon as possible, he suggested that consultations between the departments concerned of the two countries be strengthened.

In their exchange of views on international issues, Ozal explained the positions taken by his government on disarmament, the Middle East, and the war between Iraq and Iran. He stressed his country's interest in seeking a just and reasonable solution to the Middle East problem. Turkey supports Arab countries in their efforts to recover their lost lands, recognizes the Palestine Liberation Organization as the sole legitimate representative of the Palestinian people and backs the restoration to the Palestinian people of their legal rights, he declared.

Prime Minister Ozal said he was glad to see Turkey and China completely identical in their postions on the Middle East problem.

The Chinese Premier was quoted as saying that if the Soviet Union and the United States were truly sincere and prepared to negotiate earnestly on disarmament, China would welcome them to do so. He said the numerous medium-sized or small countries, aligned or non-aligned, developing or developed, all oppose war and want peace. Each of them has a role to play in this respect, he added.

Premier Zhao paid tribute to the Turkish Government for its policy aimed at maintaining peace and easing tensions. In today's talks, the two leaders also briefed each other on the ecomomic situation in their respective countries.

Tours Archaeological Museum

OW181747 Beijing XINHUA in English 1734 GMT 18 Jul 86

[Text] Ankara, July 18 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang viewed archaeological findings showing the Anatolian civilizations from paleolithic to classical times this afternoon following the second round of official talks with Turkish Prime Minister Turgut Ozal. This is the second day of his official visit to the Republic of Turkey.

The museum is housed in two 15th century buildings, once used to serve as an overnight stopping place for caravans, and a covered bazaar. On display are many archeological findings, pre-historic, Phrygian and Urartu, dug up in and around Ankara.

Premier Zhao showed keen interest in the Hittite arts and crafts dated back to the sixth millenium B.C., which constitute the most outstanding assets of the museum set up upon the proposal put forward by Kemal Ataturk, the first president of the Republic of Turkey. He frequently stopped in front of the show-cases to enquire into details about the age, usage and value of the objects. He showed particular interest in the development of Turkey's ancient written language, which bears much similarity to that of China's pictographic characters.

At the end of the visit, the museum presented the premier with two mini-models of the symbols of the Hittite culture and of the city of Ankara. Premier Zhao gave the museum a cloisonne plate in return.

The curator of the museum, who has worked there for 27 years, told reporters that she had never seen such a keen interest in the museum as shown by Premier Zhao Ziyang.

Zhao Hosts Return Banquet

OW182344 Beijing XINHUA in English 2330 GMT 18 Jul 86

[Text] Ankara, July 18 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang hosted a return banquet at the Chinese ambassador's residence here this evening to thank Turkish Prime Minister Turgut Ozal and his government for the warm hospitality accorded him since his arrival Thursday afternoon.

Premier Zhao said in his toast that the warmth and friendship he and his colleagues had received was a vivid expression of the traditional friendship of the Turkish people towards the Chinese people. "I am confident that the traditional ties between the Chinese and Turkish people will grow day by day," he said, "and that the friendly and cooperative relations between our two countries will further develop in all fields."

Prime Minister Ozal said that the successful talks he had held with Zhao in the past two days indicated that the bilateral relations between Turkey and China would no doubt advance in the direction as both sides expect.

The banquet proceeded in an atmosphere of cordiality and friendship. The Chinese premier and his entourage will fly to Istanbul tomorrow to continue the visit.

Oil Purchase Contract Signed

OW190046 Beijing XINHUA in English 2345 GMT 18 Jul 86

[Text] Istanbul, July 18 (XINHUA) -- Turkey will import 500,000 tons of crude oil from China this year. A contract on this deal was signed here tonight by Xiao Manzi, general manager of the crude oil department of the China Chemicals Import and Export Corporation, and Yalcin Eraydin, assistant general manager of the Turkish Petroleum Refineries Corporation.

Under the contract, the first shipment of 100,000 tons of oil will commence late this month. This contract, the second of its kind, was signed just on the second day of Chinese Premier Zhao Ziyang's visit to Turkey. The first contract on China's sale of 500,000 tons of oil to Turkey was signed in July of last year when Turkish Prime Minister Turgut Ozal visited China.

Visits Motor Vehicle Plant

OW191224 Beijing XINHUA in English 1141 GMT 19 Jul 86

[Text] Ankara, July 19 (XINHUA) — Chinese Premier Zhao Ziyang visited a motor vehicle factory near Ankara this morning to see how Turkey uses foreign capital to develop its own automotive industry. Turkish Prime Minister Turgut Ozal, who had just attended a ceremony celebrating the official beginning of the production of the truck plant of M.A.N. Company, accompanied the Chinese premier on a tour of this plant.

Premier Zhao was shown round the production and assembly lines of the truck plant and a motor plant next to it, all belonging to an Istanbul-based motor vehicle company, a joint venture between Turkey and Federal Germany. He stopped from time to time to enquire about the production and workers' life and watch demonstrations by the workers, and chatted with the Turkish prime minister. At the end of the visit, the two prime ministers went on board a tourist coach which uses the engine produced by the plant to see the equipment and performance of the product.

The M.A.N. motor and truck factories are situated 22 kilometers northeast of the Turkish capital. They are part of the Istanbul-based M.A.N. Company Ltd. The motor plant was completed and put into production in May 1984 while the truck plant has been in trial production since January this year. The motor plant has 329 workers, with an annual production capacity of 8,000. It produces 180 to 650 hp heavy-duty diesel engines for the truck plant and for industrial use. The truck plant, with 553 workers at present, has an annual production capacity of 6,000 5-32 ton trucks and tractors for both civilian and military use.

The truck plant, since its trial production, has exported 1,331 trucks to Jordan, Iraq, Syria, Kuwait, Tunisia, Egypt and other countries. The motor plant exports 20 per cent of its products. Turkey has 66 percent of the share of investment while the rest is owned by the Federal German company. Many of its workers have been trained in Federal Germany and the posts of the plants' management are held by Turks.

At the end of the tour, Premier Zhao wrote an inscription for the factories, which reads: "Technical cooperation between developing and developed countries is a good way for boosting the capabilities of self-reliance." Then he told the Turkish prime minister: "I like this form of cooperation. It is beneficial to both developing and developed countries. The developed countries can lower their costs of production while we the developing countries may improve our technological standards."

Premier Zhao and his party will leave Ankara this afternoon for Istanbul to continue his visit in Turkey.

Departs Ankara, Arrives Istanbul

OW191757 Beijing XINHUA in English 1742 GMT 19 Jul 86

[Text] Istanbul, July 19 (XINHUA) — Chinese Premier Zhao Ziyang flew in here from Ankara this afternoon to continue his Turkey visit. Upon departure from Ankara, Turkish Prime Minister Turgut Ozal and other high ranking government officials were at th airport to see off the Chinese premier and his entourage.

In a short conversation at the airport terminal, Prime Minister Ozal said premier Zhao's visit to Turkey during the first two days was very successful. Zhao thanked the prime minister for the warm reception and hospitality accorded him and his party during their stay in Ankara, saying, "I am sure that there will be a chance to return your kindness."

A grand sending-off ceremony took place on the airdrome. When the two premiers stepped on to the reviewing stand, the band played the national anthems of both countries. After reviewing the guard of honor in the company of Prime Minister Ozal, Premier Zhao shook hands with Ozal again and said goodbye to him before boarding the plane.

After less than an hour's flight, the special plane touched down at the Ataturk airport here. Governor of Istanbul Nevzat Ayaz and Mayor of Istanbul Bedrettin Dalan warmly greeted Premier Zhao and his party.

The hosts and guests had a cordinal conversation in the guest hall of the airport before the Chinese premier drove to the Sheraton Hotel where he is going to stay. He is expected to attend a dinner given in his honor this evening by M. Mukerrem Tascioglu, minister of culture and tourism of the Turkish Government.

Relations Enter New Stage

OW201800 Beijing XINHUA in English 1744 GMT 20 Jul 86

["Sino-Turkish Relations Enter New Stage" — XINHUA headline]

[Text] Istanbul, July 20 (XINHUA) -- Chinese Premier Zhao Ziyang said that his visit to Turkey, beginning Thursday, is "a great success" and that the Sino-Turkish relations have entered "a new stage marked by mutual respect, mutual trust and friendly cooperation."

The premier made the remark in an interview broadcast by the Turkish radio and Television (TRT) tonight after he arrived here yesterday from Ankara to continue his official goodwill visit to Turkey. In the interview, the Chinese premier said: "I think the objective of my visit has been reached successfully and satisfactorily" though the visit has not come to its end.

The purpose of the visit, as Premier Zhao said upon his arrival in Ankara, is to "deepen understanding, enhance friendship, promote mutually beneficial cooperation and maintain world."

Premier Zhao told his audience through the TRT that he had exchanged views with Prime Minister Turgut Ozal in an unconstrained manner on ways to further the friendly and cooperative relations between the two countries and on international matters of mutual concern. "We share identical or similar views on many important would issues and we have the same strong desire for a continued expansion of the friendly and cooperative relations between our countries," he said.

The premier also asid the question of how to increase bilateral economic and trade relations was major subject in his talks with Ozal. The two sides are satisfied with the fast growth of relations in this aspect and they agreed that there is still a great potential for further development, he noted.

The two leaders discussed in detail issues including the exchange of commodities to meet each other's needs, reciprocal investment, the running of joint ventures and cooperation in jointly contracting the for construction projects in third countries. The discussion will surely promote the economic and trade links between the two countries, Premier Zhao said. "I am optimistic about the future development of Sino-Turkish economic and trade relations and I believe we have a bright future," he stressed.

Premier Zhao paid high tribute to Turkish President Kenan Evren, an old friend of the Chinese people, for his important contribution to the development of Sino-Turkish relations. He said his scheduled meeting with the president tomorrow, like his talks with prime minister Ozal, is bound to push the Sino-Turkish friendly and cooperative relations to a new high. The Chinese premier also spoke highly of the achievements made by the Turkish people in the economic development and modernization of their country. There is a lot of experience China can learn from Turkey, he said.

Tours Export Exhibition, Palaces

OW201919 Beijing XINHUA in English 1905 GMT 20 Jul 86

[Text] Istanbul, July 20 (XINHUA) -- Chinese Premier Zhao Ziyang today toured the Middle East Trade and Export Center, Dolmabahce Palace, museums, and the Bosphorus bridge that links Europe and Asia, praising the Turkish people for their splendid and brilliant culture.

The Trade and Export Center is a permanent exhibition of Turkish exports and contracted projects in foreign countries. Covering a total floor space of 14,450 square meters, it puts on display a wide-range of products from more than 500 big companies, designed to promote the country's export and contracted projects service, especially to other Middle East countries. At the end of the tour, the Chinese premier wrote in the visitors' book, "Turkey has provided other developing nations with valuable experience in promoting export."

Premier Zhao was then shown around in the magnificent new palace (Dolmabahce) before he came to the world famous "Jubilation Hall". "The splendid and brilliant culture the diligent and wise Turkish people created will pass on generation after generation" the chinese Premier made an entry in the visitor's book. Dolmabahce Palace, situation on the western shore of the Bosphorus Gulf, was built in 1853. It had been Sultans' palace of the Ottoman empire. The first president of Turkey Mustafa Kemal Ataturk once lived and worked there before he died in 1938.

Zhao visited the Topkapi Palace museum in the afternoon, where he was shown a big variety of treaures of the Ottoman empire. On display in one of the halls are tens of thousands of pieces of Chinese porcelain, of which many are unique and have not been found in China. They include those made in the Song, Yuan, Ming and Qing dynasties, a vivid proof of the frequent exchange of friendly visits between the Chinese and Turkish peoples in history.

The Topkapi Palace, built in 1478, used to be sultans' palace until 1853 when Dolmabahce Palace was built. It has become a museum since the republic of Turkey was founded in 1923. Premier Zhao also visited the sultan Ahmet Mosque and the museum of Hagia Sophia.

Invites Turkish Joint Ventures

OW202352 Beijing XINHUA in English 2332 GMT 20 Jul 86

[Text] Istanbul, July 20 (XINHUA) — Visiting Chinese Premier Zhao Ziyang today invited Turkish industrialists and businessmen to invest in China or open joint ventures with their Chinese counterparts.

The Chinese leader made the remarks at a dinner in his honor hosted by Sakip Sabanci, chairman of the Turkish Industrialists and Businessmen's Association.

Sabanci and Lu Dong, Chinese minister in charge of the state economic commission, who is accompanying the premier on his visit, said the world-renowned ancient "silk road" bound the Chinese and Turkish people together more than 1,000 years ago. (The silk road, which originated in China's Changan city (now Xian), and ended in Turkey's Constantinople (now Istanbul), played a major role in promoting commericial and cultural exchanges between China and Europe.

Sabanci said the Chinese premier's presence at the dinner "symbolizes the same bonds of friendship and cooperation." He said he wanted to transmit to the Chinese leader, the Turkish businessmen's desire to increase exchanges of goods and service, as well as technological transfer in crop farming and other agro industries. He said cooperation in these areas would bring the two peoples closer than at the time of the silk road.

Lu assured Turkish industrial and business circles that his country would resolutely carry out the policy of "invigorating the domestic economy and opening up to the outside world." By "opening up to the outside world," he added, China opens its door to both developed and developing countries. He said there are good prospects for promoting economic and trade cooperation between China and Turkey, which have been the major focus of talks between Premier Zhao and Turkish Prime Minister Turgut Ozal.

Zhao's presence at tonight's dinner provided him an opportunity to sound out leading figures of the country's economic sector. Turkish Industrialists and Businessmen's Association, set up in 1971, is an Istanbul-based national organization.

ENVOY LEAVES FOR PRC-UK LIAISON GROUP MEETING

OW191420 Beijing XINHUA in English 1408 GMT 19 Jul 86

[Text] Beijing, July 19 (XINHUA) — Chief representative of the Chinese side of the Sino-British Joint Liaison Group Ambassador Ke Zaishuo and his party left here this evening for London to attend the group's fourth meeting to be held from July 22 to 25.

Ke Zaishuo is director of the Hong Kong and Macao affairs office of the Chinese Foreign Ministry.

DENG REPORTEDLY 'COMMITTED' TO DAYA BAY PLANT

HK180806 Hong Kong AFP in English 0748 GMT 18 Jul 86

[By Claudia Mo]

[Text] Hong Kong, July 18 (AFP) — Chinese leader Deng Xiaoping is committed to a plan for a nuclear power station at Daya Bay near Hong Kong that has provoked a noisy outcry here, an authoritative Chinese source here said on Friday.

"Deng Xiaoping has never said anything implying Beijing would have second thoughts about Daya Bay," a highly-placed Chinese source told AGENCE FRANCE-PRESSE.

"The decision to go ahead with the plant was made by Beijing's power core back in 1982, and Deng Xiaoping has been committed to it," he said. "Any different opinion from one single Chinese leader now cannot change anything."

The source was referring to recent press reports here that one of China's four vice-premiers, Tian Jiyun, had voiced strong opposition to the plant.

Speculation that China is considering scrapping the plan has been rife since a pro-Beijing magazine here urged China to handle the issue with "extreme care."

Analysts here said that on Thursday alone China had given three indications of its intention to go ahead with the Daya Bay plant. Chinese official news agencies carried three reports stressing the safety of the planned plant, which is to be built only 70 kilometres (40 miles) from crowded Hong Kong.

The Chinese indications came hard on the heels of the Hong Kong Government's reiteration of its commitment to buy 70 per cent of the electricity the power station is to produce when it becomes operational in the early 1990's.

The acting governor of Hong Kong, Sir David Akers-Jones, told reporters on Thursday that "any suggestion of withdrawal" by Hong Kong would be "most serious," while Financial Secretary Piers Jacobs said on Wednesday that a pull-out would put the government's credibility at stake.

The planned cost of the plant is 2.5 billion U.S. dollars. It is the biggest Sino-foreign joint venture, involving Hong Kong, French, and British interests. China is due to sign by September final contracts for the plant — which is to use French reactors and British turbines — with French concerns Framatome and Electricite de France and the General Electric Co of Britain.

The nuclear equipment is already under construction in France, and a Chinese order-cancellation at this stage would put "tens of millions of U.S. dollars" from Beijing's coffers into the dustbin, the highly-placed Chinese source said.

The issue now carries strong political overtones, observers said, as it is seen as a test of China's sincerity in implementing a Sino-British agreement under which Hong Kong is to enjoy a high degree of autonomy after it reverts to Chinese rule in 1997. Local protests against the project have been increasing since April, following the accident at the Chernobyl nuclear plant in the Soviet Union. Close to one million people -- or nearly one fifth of Hong Kong's population -- ranging from primary school pupils to professionals, have signed a petition against the plant organised by various anti-nuclear bodies here.

"But would you call this opinion?" an official of the local branch of the NEW CHINA NEWS AGENCY -- Beijing's de facto representative office here -- asked AFP.

"It has been a bunch of amateur politicians trying to take advantage of schoolchildren and the gullible man-in-the-street." Commented the authoritative Chinese source: "The real decision-makers are up in Beijing."

OFFICIAL TERMS ECONOMIC SITUATION 'GOOD'

OW180946 Beijing XINHUA in English 0930 GMT 18 Jul 86

[Text] Beijing, July 18 (XINHUA) -- China's economic situation has been good since the beginning of this year, said Zhang Zhongji, spokesman of the State Statistical Bureau, at a press conference here today. He cited a good harvest of summer grain and oil-bearing crops, a continuous growth of industrial production and a stable market.

China harvested 91.88 million tons of grain this summer, 3.14 million tons more than the previous year. By the end of June, the state had purchased 5.16 million tons more grain than in the same 1985 period.

He attributed this to a greater acreage under summer grain crops, which was enlarged by 360,000 hectares. The peasants' input into land increased by 10.6 percent compared with the same 1985 period, he added. Zhang told reporters that the country's total industrial output value rose by 4.9 percent in the January-June period over the corresponding period of 1985 which saw an excessive growth rate of 23.1 percent.

"Energy and raw material production is encouraging," Zhang said. Power production grew by eight percent, at a rate faster than that of the overall industrial production. Output rose between 10 and 15 percent for pig iron, steel and cement. Transportation was improved as well, he said, and ports along China's coasts handled 13.8 percent more goods in the first six months. The total investment of the public sector in capital construction was 33.7 billion yuan in the first half of this year, an increase of 7.9 percent over the same 1985 period, which showed a high growth rate of 43.5 percent.

"The supply of commodities in the country has been sufficient and that of meat, poultry, eggs, aquatic products and vegetables are better than the previous years and the prices are also basically stable," Zhang said.

"The upward trend in the general price index slowed down month by month in the six months, averaging an increase rate of only 5.5 percent," Zhang said. "Since the market was relatively stable, the buyers were more selective," he added.

However, the spokesman said, there were still some problems in China's economic development, including lower economic efficiency of the state-owned industry and commerce, a faster growth rate of the state expenditure than income and the continued imbalance between imports and exports.

Measures are being taken by government departments concerned to tackle these problems, he said.

REPORT PRAISES CULTURE MINISTER, SUBORDINATES

HK210342 Beijing XINHUA Hong Kong Service in Chinese 0102 GMT 20 Jul 86

[Report: "New Leaders of China's Ministry of Culture Indicate That They Will Neither 'Set Fires' Nor 'Stir up Winds'" -- XINHUA headline]

[Text] Beijing, 20 Jul (XINHUA) -- There is a common saying in China: "A new official applies strict measures." However, the newly appointed minister and vice ministers of China's Ministry of Culture said, "We will neither set fires nor stir up winds."

Their "footnote" to this is: "In order to make a fire, it is first necessary to gather firewood. If one tries to build a fire without using firewood, one can easily set things ablaze. By doing this, one burns oneself, if not others."

The overseas edition of LIAOWANG weekly, on sale tomorrow, carries a report on how the new minister and vice ministers went about their new jobs. According to this report, the new minister and vice ministers indicated that "It is necessary to do something substantive and to avoid paying lip service; that is, to avoid doing superficially clever and superficially impressive things."

According to this report, Minister Wang Meng has repeatedly stressed that it is necessary to avoid using the word "takeoff" because we are just "taking the first step." This means that we should start our journey across the cultural domain in a down-to-earth manner.

Elaborating on the views of the new leading body, Wang Meng said: "It is necessary to try our best to preserve and develop the cordial and harmonious cultural atmosphere now in existence. In preserving and developing this atmosphere, we should count on thorough understanding and implementation of the party's policy regarding art and literature. It is necessary to understand fully the party's principle and policy regarding art and literature. One must not interpret them according to one's own needs or stubbornly stick to one's own views. Still less should we do something to disrupt this harmony and unity. Harmony and friendliness are not something unilateral. In this regard, we should never "do to others what we do not want to be done to us."

Wang Meng said: "We have been worried for a long time about the divergence of views on art and literature. Now, such a state of mind should change.

"It is not the duty of a cultural affairs administration ministry to judge controversies. It should introduce an environment characterized by contention between various schools of thought (including criticism). Leaders of the Ministry of Culture should participate in this contention and discussions as equals of other participants. They should frankly exchange views with art and literature workers, try to learn from each other, and give impetus to the new, healthy development of art and culture with them."

According to the same report, Sichuan's Gigong City Sichuan Opera Troupe not long ago produced and put on stage an opera entitled "Pan Jinlian," on which people held different views. Some commended it. Others disapproved of it. People closely watched the Ministry of Culture to see what stand it would take. Some goody-goody people advised Wang Meng not to view the opera because comments would not be easy to make. However, Wang Meng said: "Whoever is willing to view it should go ahead. This is not compulsory." He viewed the opera as both an ordinary moviegoer and one in the same trade as artists and writers. He cordially talked to the composer and the principal actors and actresses and encouraged their pioneering and exploring spirit. By mingling the past with the present, he suggested, these people have enriched theatrical thinking and given a touch of modernity to the story. He also suggested that all this has great significance for the reforms and explorations concerning the form of operas. However, he also pointed out some expressive inadequacies and the absence of ideological depth in the opera. He said: As the ministry in charge of literary and art affairs, the Culture Ministry should first create a harmonious and cordial environment and atmosphere in order to encourage literature and art workers to boldly explore and innovate. It should never rashly pass final judgment on a certain work.

The report praises the new leaders of the Culture Ministry for "not putting on airs." After assuming office, Wang Meng and Gao Zhanxiang, the executive vice minister of culture, have visited many art troupes and colleges of arts, sought the advice of experts, and frankly talked to writers and artists. Wang Meng has visited the China Youth's Art Theatrical Company, the Central Philharmonic Society, the China Song and Dance Theatrical Company, the Traditional Chinese Painting College, the Central Academy of Dramtic Arts, the Central Conservatory of Music, the China Beijing Opera College, the Oriental Song and Dance Ensemble, the Central Song and Dance Troupe, the Institute of Chinese Art, and the Central Institute of Fine Arts. He has held forums at these institutions and had heart-to-heart talks with more than 20 experts including Zhang Geng, Su Yiping, Cui Meishan, Li Delun, Bai Shuxiang, and Wang Yuanhua. He has also visited Shandong's Jinan to examine the reform of literary and artistic organizations. Since assuming office, Gao Zhanxiang has visited Hunan, Hubei, Shanghai, and Jilin. He has visited more than 30 literary and artistic organizations and called on Ba Jin, Xia Yan, Cao Yu, Wu Zuoren, Yang Mo, Chen Bohua, Wu Yanze, Xia Juhua, and many other famous artists and writers. He has also visited the quarters of some literature and art workers.

According to this report, in addition to exercising administrative leadership, the leaders of the ministry continue to pay attention to their own careers. Those who are interested in literary creation continue to write and those interested in performing arts continue to create characters. Ba Jin, an aged writer, praised them, saying that "This is excellent. They can be less bureaucratic." Cao Yu, another writer, described this as a "wonderful" phenomenon.

LEADERS DISCUSS BUREAUCRATIC WORK STYLE

HK200712 Beijing XINHUA Hong Kong Service in Chinese 0100 GMT 20 Jul 86

[Text] Beijing, 20 Jul (XINHUA) -- Some leaders of the CPC Central Committee and State Council recently criticized the bureaucratism that exists in China's party and government organs and demanded that party members take the lead in struggling against bureaucratic phenomena and work style, so as to further the progress of reforms and opening up.

According to an article in Issue No 14 of BAN YUE TAN, which is about to come off the press, State Council Vice Premier Wan Li recently said when discussing the grave harm done by bureaucratcism: "The work style, structure, and ideology of our organs are still unable to meet the needs of reform and opening up." He said that low work efficiency, poor staff quality, buck-passing, and serious bureaucratism are all chronic ailments in the organs, and it is essential to summon up resolve to overcome them.

Wan Li said: "Our program is to serve the people wholeheartedly, but our disease is bureaucratism. It is bureaucratism that most dissatisfies the people, and it is the program of serving the people that is most welcome to them."

Central Advisory Commission Vice Chairman Bo Yibo said: I call China's bureaucratism to the death, so extremely hard is it to put right. Organs are duplicated in this big country of China like a spider's web, and nobody can jump out of it. Some organs take more than 80 or even 100 days to issue a document. He called on party members to break through this web of bureaucratism.

Central Secretariat member Hu Qili said: The issue that Wan Li has raised of eliminating bureaucratism and improving work efficiency is an extremely important question and a major content of reform. He said that whether bureaucratism can be eliminated and work efficiency improved constitute one of the yardsticks for judging whether reforms have been done well or badly.

SCHOLARS URGE SEPARATION OF PARTY, STATE ROLES

HK200818 Beijing XINHUA Hong Kong Service in Chinese 0702 GMT 20 Jul 86

[Text] Beijing, 20 Jul (XINHUA) -- According to the overseas edition of LIAOWANG to be published tomorrow, a number of experts and scholars here told that reforms of China's political structure are imperative, because the current in-depth development of economic structural reforms require such reforms.

According to the report, the CPC Central Committee party school recently held a seminar in Beijing on the theory of political structural reform. Invited were Gong Xiangrui, professor of law at Bejing University; Gao Fang, professor of international politics at the Chinese People's University; Chen Yizi, director of the China political structural reform studies center; and researchers and responsible persons of relevant CPC Central Committee and State Council departments; totalling 130 persons. They held lively discussions on the nature, aims, basic contents, necessity, and feasibility of reforming China's political structure.

On the question of why such reforms should be carried out, Professor Gong Xiangrui of Beijing University held that there are three reasons; First, the reform of the economic structure embodies changes in the production relations and is bound to require that corresponding reforms be carried out in the political structure, which belongs to the superstructure. For instance, the economic structural reforms urgently need a large number of talented economic managers with up-to-date knowledge and pioneering spirit, but the current cadre system in China is not beneficial for discovering, forging, and training talent or for gradually reducing the age and improving the educational standards of the cadre contingent. Moreover, the system frequently causes burial and wastage of a large number of talented persons.

Second, political structural reforms are needed in order to build a high degree of socialist democracy. This is because in China's current political setup there exist things like the patriarchal system, autocracy, bureaucratism, and so on that hamper the development of socialist democracy.

Third, political structural reforms are necessary from the angle of the quality of culture and education and of the angle of correcting unhealthy trends. Take, for instance, the unhealthy trend of abuse of power, if we had a set of laws regulating the powers, obligations, and duties of state cadres and public servants and a complete system covering the selection, appointment, supervision, examination, and dismissal of leading cadres, the unhealthy trend of abuse of power would be very greatly restricted.

According to the report, the subject of greatest debate and argument at the meeting was the question of how to specifically carry out reforms of the political structure, and in particular the question of the point of breakthrough for such reforms. Some held that separation of party and government and rational distribution of powers should be regarded as the point of breakthrough in reforming the political structure; only thus can the problem of overconcentration of powers in the party be resolved. Others held that only by establishing a socialist system with a high degree of democracy and correctly solving the question of the relationship between democracy and centralization can the goals of reforming the political structure be attained. The great majority of the participants held that in carrying out political structural reforms it is essential to get a good grasp of two issues; separation of party and government, and a high degree of democracy. This is because all other problems that need resolving derive from these two issues.

Feng Shengbao, deputy director of the foreign political systems research center of the diplomatic institute, said that replacement of the government by the party is a kind of artisan method that has caused many unpleasant consequences; for instance, a high concentration of powers; personality cult; the party was above the law and enjoyed concentrated power, with the result that the legal system could not be established; a sense of dependence was nourished in the cadres; and the system was purely upward in form. This state of affairs weakened party work. He held that it is necessary to establish "the principle of socialist division of powers with checks and balances, and to bring into play the systems engineering role of the political structure." Professor Gao Fang held that the main thing in reform of the political structure is to resolve the question of rational distribution of powers, including those between party and government, between the central authorities and the localities, and between the legislature and the judiciary.

However, it is not an absolute division of powers but a rational apportioning. He stressed leading forward other reforms by means of this reform.

Discussing the question of how to achieve a high degree of democracy, deputy researcher Tan Jian said that the goal of political structural reform is to build a socialist country with a high degree of democracy. This democracy includes making politics democratic and public, turning policy-making into a scientific business, making political activities into a legal system, and systematizing supervision of the organs.

According to the report, CPC Central Committee Propaganda Department Director Zhu Houze spoke at the meeting. He said that Comrade Deng Xiaoping has spoken many times of the importance of political structural reform. He recently made a point of stressing the necessity and urgency of this reform. Zhu expressed the hope that everyone would step up investigation and study; get hold of detailed materials; apply Marxist-Leninist stand, viewpoint, and method; succeed in linking theory with reality; and carry out bold explorations with a scientific approach and rigorous work style. They should carry out research in many aspects, to build a political science system with Chinese characteristics.

GUANGMING RIBAO URGES SIMPLICITY IN ENTERTAINING

HK180813 Beijing GUANGMING RIBAO in Chinese 10 Jul 86 p 1

["Everybody Talks" column by Deng Jiarong: "After Reading the Menu of the Queen of England's Banquet"]

[Text] Recently, TA KUNG PAO in Hong Kong struck a fresh note by publishing the menu of the banquet held by the British queen in honor of Hu Yaobang. Reading this short menu can give people many inspirations and thoughts. In her capacity as head of state, at 1 p.m. on 11 June, the queen of England hosted a banquet at Buckingham Palace in honor of the distinguished guest Hu Yaobang and his entourage. Naturally the standard was very high and the atmosphere was very harmonious. However, the menu listed only cooked eggs, asparagus, stewed chicken, chicken liver, fried rice, spinach, carrots, egg pudding, strawberries and cream. It was so simple and economical. After the ceremonies and the lunch were over, all the necessary diplomatic activities which had to be initiated at the dinner table were also accomplished. Thus, we see that a state banquet does not have to include delicacies of every kind.

Nevertheless, many of our localities and units tend to provide lavish feasts to almost every visiting group of fraternal unit with some positive experiences to share. Moreover, they even like to include all the local delicacies in these feasts. They seem to think that if they do not do so they are failing to extend their hospitality to their guests or to demonstrate the excellent economic status of their own units, and running counter to our national customs and ancient civilization. However, they just do not know how much they have wasted amid their hearty hospitality!

If some of our localities can simplify the various formalities of entertaining guests, we can surely save a lot of money, energy, and time.

RENMIN RIBAO ON SELF-BETTERMENT OF REFORMERS

HK200638 Beijing RENMIN RIBAO in Chinese 19 Jul 86 p 1

[Commentator's article: "Comrades Standing in the Forefront of the Reforms Should Constantly Better Themselves"]

[Text] Not long ago, a manager of a Shanghai collective enterprise published an article in JIEFANG RIBAO pointing out the need for reformers to better themselves. This is a well posed problem. It shows that our reformers are clear-minded. We would like to express our opinion on this and to exchange views with comrades who are playing an active part in the reforms.

The reforms are an important policy, important principle, decided by the CPC Central Committee. In order to implement this principle, it is necessary that many pioneers who have the courage to explore and to innovate and who fear neither difficulties nor setbacks explore ahead of others. Without these pioneers, it would have been impossible to create the new situation in the reforms. What is heartening is that in recent years, various localities have produced comrades who resolutely want to play a part in the reforms. At their respective jobs, they explore and surge ahead and have achieved much. The masses respect and love them very much.

However, one should be able to see many comrades have enthusiastically participated in the reforms without being well prepared ideologically. The manager mentioned above said: "When we initiated the reforms, we only aimed to dismantle the old systems. We were ideologically ill-prepared for the complications resulting from the development of a commodity economy." This is an important reason why many comrades have made both outstanding achievements and mistakes at the same time. However, people can learn about the reforms only in the course of the reforms. This is something like the revolutionary war, which people learned about by fighting in it. In carrying out reforms, the total absence of mistakes is impossible. This is why the central leading comrades have repeatedly stressed that mistakes are permissible in the course of reforms. We should neither be unduly preoccupied with nor exaggerate them. As for those comrades who have resolved to carry out reforms, an important thing is that they should sum up their experience and the lessons learned and properly account for the mistakes in order to make their future work even more successful and more in keeping with the actual circumstances.

After "falling into a pit," one must seriously sum up one's experience before one can hope for "a gain in one's wit." An important way for a reformer to improve and better himself is to look squarely at his own mistakes and to be good at summing up experience and lessons.

Another important way for a reformer to better and improve himself is to devote further efforts to studying. The purpose of the reform of our economic structure is to develop a planned socialist commodity economy. In addition to studying and understanding Marxist views, viewpoints, and methods, it is also necessary to strive to acquire some knowledge of a commodity economy, including knowledge about prices, marketing, and information. It is necessary to acquire knowledge of modern management in order to provide a scientific basis for the management of the enterprises under our leadership.

It is necessary to acquire legal knowledge so that our enterprises will operate in accordance with the laws and regulation and we will not violate the law out of ignorance. We should be able to see that in spite of their reformist and innovative spirit, some of our comrades have little scientific and cultural knowledge. It is very necessary for them to devote some efforts to this and to make up their inadequacies.

"One loses by pride and gains by modesty." This time-honored saying is good for anyone and it can enlighten the minds of the comrades standing in the forefront of the reforms. Even if we have achieved much, we must still view things from two angles, to be aware of our mistakes and shortcomings, and to remain modest and careful. It is necessary to be receptive to opinions different from our own, including sharp criticism and even criticial and one-sided opinions. So long as others are not spitefully vilifying us or spreading rumors to hurt us, we must not readily say that others are "undermining the reforms," "going against the reforms," or "impeding the reforms." We must avoid giving all credit to ourselves or being unaware of the "overall climate," which is favorable for the reforms. We must never be unaware of the support given by various parties or of the people's strength. By the way, I must add that there are newspapers, periodicals, and literary works that describe a reformer as an omnipotent hero capable of turning back the tides and doing everything conceivable or inconceivable. This is inconsistent with the facts. We cannot really help or cherish the determined reformer by doing this. We can only cause trouble.

The comrades standing in the forefront of the reforms are surrounded by countless eyes, including ones behind which there are malicious intentions and which are sensitive only to mistakes. However, these are few in number. Most of the eyes are trustful and expecting eyes. People usually set strict demands on the people playing a leading role in reforms. They want them to boldly explore and innovote, to be upright, and to be strict with themselves. These demands combine to form something that can be referred to as the moral integrity characteristic of our times. Reformers with this character will be invincible. Comrade Zhang Jieshi, late manager of the Great Wall Raincoat Factory, was such a person. If the comrades responsible for directing the reforms are not careful about their conduct or if they try to secure personal gains by capitalizing on their power, they will ruin their images and be divorced from the masses despite their outstanding performance.

Self-betterment on the part of the comrades standing in the forefront of the reforms is in fact the problem of thoroughly improving one's qualities. People cannot wait until they have perfecterd their qualities before they participate in the reforms. However, in the course of the reforms, one must constantly progress and constantly improve and better oneself. This is absolutely necessary and absolutely possible. Some comrades who are enthusiastic about carrying out reforms have indicated that they do not want to be "transient figures." This resolution is something good. I believe that this is a common desire of many who regard the reforms as their own duty.

HONGQU CRITICIZIES CHEN YONG ATTACK ON LIU ZAIFU

HK170059 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1016 GMT 16 Jul 86

[Text] Beijing, 16 Jul (ZHONGGUO XINWEN SHE) — The current issue of HONGGI published today carries a signed article by Weng Chunyuan in open discussion with Chen Yong. The article holds the view that Chen Yong lacks the necessary patience and enthusiasm for the new atmosphere emerging in current studies in literatary theory and in literature and art science. He is not proceeding from modern indeology and ideology of reform and progress in viewing matters, but looks at realities from a conventional and conservative angle, with the materials he quotes mostly outmoded, and nothing fresh in his viewpoints.

Chen Yong's article, entitled "Some Questions on the Methodology of Literature and Art Science" was carried in the 1986 No 8 issue of HONGGI, in which he criticized Liu Zaifu, director of the Institute of Literature under the Academy of Social Sciences of China, for a series of theses on literary introspection published in recent years, and pointed out several problems in literary criticism. Liu has published nothing so far in response to this criticism.

Wang Chunyuan is now assistant research fellow of the Institute of Literature under the Academy of Social Sciences of China. His article entitled "Literary Criticism and the Structure of Cultural Psychology" is carried in the column "Discussion on the Methodology of Literature and Art Science" in HONGGI.

Wang Chunyuan believes that Chen Yong's article is on the whole correct when it touches in general terms upon the basic tenets of Marxism. For example, his analysis and criticism of Liu Zaifu's view on human "passivity" and "activity" is entirely correct. Besides, the criticism in Chen's article on some literary critics for their extreme poverty in knowledge of Marxism is also to the point.

This 16-year-old long-standing specialist in the theory of literature and art points out that Chen Yong has drawn a conclusion of a political nature on the changing situation in the literature and art science, namely, that a minority of people are demoting Marxism under the pretext of "developing" Marxism or "renovating literary concepts," and such a view is astonishing.

Wang Chunyuan says in his article, he would never believe that very bookish people like Liu Zaifu and those who hold the same view as him could possibly make use of the realm of research in literature and art science to fight against Marxism in a big way; even if there really are points that do not conform to the basic spirit of Marxism in their articles, that is only theoretical exploration, and by no means will they produce such a tremendous and universal theoretical impact as a "spiritual atom bomb" which would blast out " the fate of China's socialist literature and art," and " the fate of Marxism in China."

The article says, Marxism has opened up infinite possibilities leading to truth; however, it is not an omnipotent formula exhaustive of all truth. If someone should regard Marxism as a panacea, he would not be advocating science but propagating superstition.

According to Wang's article, the fact that Chen Yong has elevated a question of sheer theoretical exploration to one that has a bearing on the fate of Marxism in China is a manifestation of the theory of ideology determining the situation. Such a theory believes that intellectuals, those in the cultural circles in particular, are the chief factor for instability, and that a few articles, a play, and two or three novels are powerful enough to bring about the fall of the party and the nation.

Wang Chuyuan holds that, an all-round estimation of China's literature and art science at present should be: It is as thriving as it is confused; but looking at it from the general trend of development, this is the inevitable road for the progress of theory and research in literature and art science in China, as well as an entirely normal and healthy phenomenon.

The article also believes that attention should be attached to "leniency" in human relations; however, neither "leniency" nor favors are necessary in normal contention in the literature and art science. Everyone should air his own views, and hidden and half hidden disputes should be brought out into open discussion.

LIU ZAIFU DISCUSSES CRITICISM, REFORM -- PART I

HK181420 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0743 GMT 16 Jul 86

Article by Wang Yongzhi and Xia Chunping. "Relaxation and Harmony Signify National Progress" (part I) -- An interview with Liu Zaifu -- selectedfrom HUASHENG BAO (CHINA VOICE NEWS) of 11 July)

[Text] A year ago when Liu Zaifu who was just 44 years old was appointed director of the Cultural Studies Institute of the Academy of Social Sciences, he delivered an inaugural speech on implementing the "double hundred" principle, ensuring academic freedom, respecting academic virtues. The speech evoked very great repercussions both at home and abroad.

Now, a year later because literature and art theoretician Chen Yong published a long article entitled "On Literature and Art Methodology" in the theoretical magazine HONGGI, criticizing Liu Zaifu's thought in literature and art by name, once again this same Liu Zaifu became the focus of attention of people both at home and abroad. Hence, overseas publications called the event the "Liu Zaifu Case." How does Liu Zaifu approach the debate? How are things with him now? A few days ago, we interviewed Liu Zaifu, a scholar who vigorously advocated innovation in literary conceptions, in his residence.

"I Feel the Motherland has Made Progress"

Mr Liu Zaifu, wearing a white T-shirt, was rather fat and scholarly. When we explained our purpose in coming, he greeted us and asked us to be seated. Then he said: "After HONGGI published Chen Yong's article, every day I received many telephone calls and letters expressing enthusiastic support for me. Some overseas writers and scholars also sent me letters showing their concern for me. I learned from newspapers and magazines sent by may friends working abroad that interested people abroad were very concerned about what was happening to me. This moved me deeply. Today I wish, through your newspaper, to express my heartfelt gratitude to my friends both at home and abroad who have shown their concern for me."

"My friends both at home and abroad can rest assured that everything is going well with me. When HONGQI published Chen Yong's article, our country was stressing the importance of creating a relaxed and harmonious atmosphere in the theoretical community. I was lucky enough to have such good fortune. In such an atmosphere, every academic worker drew spiritual support and encouragement. So did I. The atmosphere has, fundamentally speaking, protected me. Moreover, I also feel that I have been protected by the community and that the community is disgusted with the practices of exaggeration. I deeply feel that our motherland has made progress and our people have become mature. Everybody hopes that our country will enjoy lasting peace and a peaceful social and cultural environment. I feel that people have shown their concern not only for me but also for the fate of the reform currently going on in our motherland. Now intellectuals both at home and abroad have come to realize that our motherland is in a historical stage of shaking off poverty and striving for prosperity. The motherland becoming strong and prosperous is no longer an illusion. Intellectuals have gradually realized that their mission is to build their motherland into a strong modern country. The hearts of the descendants of Emperors Yan Di and Huang Di both at home and abroad are linked to each other. What is in their minds is reform, modernization, and working hard for the prosperity of the country. Throbbing with the pulse of the times, linking one's fate with the destiny of the reform, and striving for the prosperity of the nation are becoming the common aspirations of intellectuals both at home and abroad. With this understanding, I no longer pay attention to my own honor or dishonor."

"Once I Also Felt Worried"

"Once I also felt worried," said Liu Zaifu, pondering for a while, "I am engaged in scientific work. I love science very much. I think that I shall feel happy if I have a peaceful and profound spiritual life. If people have divergent opinions on my views and debate about them, this is actually a good thing. It will help crack the shell of ideological confinement of the two parties in the debate and help set off my latent energy and intensify my research. Then I am still be in the 'metaphysical' state of the mind. However, when my academic viewpoints are politically exaggerated and even regarded as endangering the fate of Marxism, I have to defende my political stand before my academic viewpoints. Thus, I have to wrangle with my theoretical opponents on the political arena, moving from 'being metaphysical' to 'being concrete.' In other words, I have to step down from the facet of 'self-accomplishment' spirtitual need to the facets of 'existence need' and 'safety need." (In his article 'On Literary Themes," Liu Zaifu quoted the viewpoint of American psychologist Maslow that divides the need of man into five basic facets of existence need, safety need, ownership need, respect need, and self-accomplishment need.)

Mr Liu said: "This wrangling does not help scientific progress. Before me, there were many intellectuals who wasted their lives in this kind of meaningless wrangling. Moreover, such wranglings would always end with various political labels being put on intellectuals. They spent little time engaging in peaceful academic research. This is a tragedy of internal attrition. At first I wanted to save my time and continue with my further research but some people came out to challenge me to debate and some even shouted curses, asking me to meet their challenges 'with the vigor of a rising dragon or leaping tiger' rather than allowing me to keep silent.

"Must I rush out to wrangle? I felt vexed about this because I know this kind of wrangling will not do science any good and there is no precedent of success in this regard by relying on 'the vigor of a rising dragon or leaping tiger.'

"Moreover, I also felt vexed because I was sandiched between scholars of two generations. Some old scholars thought that I had gone too far while some young scholars regarded me as not 'terrific enough.' More often than not, I was attacked from both sides. This generation gap may be called 'difference in knowledge structure' and 'difference in psychological structure.' After Chen Yong's article was published, I strongly felt that there was a deep 'cultural gap' between us. Chen Yong regarded what I thought settled as unsettled. I think we lack an explorative spirit. Some 'leftist' views hindering the reform are still deep-rooted. But he thinks that currently 'right deviation is gaining ground.' As I see it, at present more effects should be made to encourage the predominant spirit of the individuals and of the nation and not to stamp out the personality and creativity of man at will, but Chen Yong regards this as 'voluntarist.' To put it briefly, he regarded what I thought normal as abnormal and vice versa. I suddenly realized that I could not understand what he said. For example, he said: The essential laws of historical materialism are the most profound and essential laws governing literature and art and the relationship between art and politics is a relationship between form and content. This remark is really hard to understand."

Coming to this point, Liu Zaifu said with a smile: "However, you must not worry about me. Worry cannot overwhelm me. I will surmount both external pressure and my worries. I believe that the process of scientific deepening is precisely the process of this constant surmounting of pressure and worries. I will not let myself by overwhelmed by these worries because I still have more important work to do."

LIU ZAIFU DISCUSSES CRITICISM, REFORM - PART II

HK181450 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0919 GMT 17 Jul 86

[Article by Wang Yongzhi and Xia Chunping:" "Relaxation and Harmony Signify National Progress" (Part II) -- An interview with Liu Zaifu -- selected from HUASHENG BAO (CHINA VOICE NEWS) of 11 July]

[Text] "I Should Also Share the Responsibility"

"We need to eliminate feelings of estrangement in our culture and need to seek common language so as to make joint efforts to create conditions for our country's reform. The first thing that all of us should do is to look into our own thoughts and feelings to find out their real meaning and the reasons for them." Mr Liu continued: "We have all experienced the tremendous spiritual calamity of the Cultural Revolution. It is certain that this national calamity was caused by a handful of careerists, but it is not enough to merely condemn them. We should also realize our own responsiblity. If there had not been a certain national cultural and psychological foundation, or if our nation had not had some common weak points, the 'Cultural Revolution' would not have become a fact. The poem collection 'Saying Good-bye' I wrote represents my introspection about the 'Cultural Revolution' and my efforts to find the lost conscience.

"It is my confession, whose purpose is to reaffirm human dignity. I feel that we should all have a feeling of repentance and should realize that 'I should also share the responsibility' as a member of this nation for the 10-year-long national calamity. Otherwise, we may repeat the previous mistakes and return to the thoughts and practice of 'taking class struggle as the key link.' People may even feel at ease and justified when repeating such thoughts and practice. After 'bludgeoning' other people, they may even pretend to be serious by asking 'where is the bludgeon.' It seems the 'bludgeoning' other people has become a habit of these people and that disregarding other people's human dignity has become a terrible 'subconciousness' in their minds. Today, when carrying out reform, we must thoroughly break the trammels of the concept of 'taking class struggle as the key link,' but this is never easy. As long as every one of us can really think deeply about it and see what happened in China under the guidance of this 'key link,' then no one will come out to obstruct the change and reform of the cultural concepts, and there will no longer be such things as Chen Yen's exaggerated criticism which was even praised by some people as 'full of foresight and real knowledge,' (a quotation of Lu Meilin)."

Liu Zaifu said: "Some people are used to being 'judges.' However, a 'judge' should not only pass judgment on other people's cases, but should also pass judgment on himself. Only thus can a person continuously enhance his realm of thought, correctly treat other people, have more enthusiasm and sense of responsibility for reform, and avoid repeating the mistakes of bludgeoning other people. When the cultural atmosphere becomes more benign and normal and no one attacks and insults me, I am willing to dissect my thoughts and pass judgment on myself."

"I Am Full Of Confidence in Reform"

When talking about reform, Ziu Ziafu said: Reform is arduous, and reform concerning the deep level of the cultural psychological structure is even more arduous. Cultural reform will not achieve such quick results as economic reform, so we must not be impatient. However, I am full of confidence in our country's reform. I have seen the remarkable changes in China's rural areas which are inhabited by 800 million people. I also see that the urban situation is getting better and better. More impotantly, I feel that our country now has a realistic approach to things, to ourselves, and to the world. Reform proceeds completely from our country's realities rather than mechanically copying foreign modes. The CPC has its own belief and plans, and understands Marxism in its own way. In short, we have our unique image. We have now realized the necessity to open a road leading to our country's modernization. Not only will we realize economic, scientific, and technological modernization, but also political and cultural modernization. Such modernization will absorb all cultural wealth of mankind and will inherit and develop all good things of human society.

The destiny of Marxism is linked with the destiny of the countries where Marxism holds a ruling position. Only by making China rich and strong can we win a good reputation for Marxism. Our reform should, on the one hand, promote our economic developmenmt; on the other hand, it should also enrich the 1 billion people's cultural life. We should say with full assurance that the things we are pursuing including all the good aspects of mankind (democracy, freedom, human rights, and peace). A social form which includes all these things does not exist abroad, and the classics of Marxism do not give us a modern mode of such a social form.

We cannot use a dogmatist and abstract yardstick which is divorced from reality to measure and judge our current reform. We should assimilate all good things which are helpful to China's prosperity, development, and progress and turn them into nourishment for creating a new civilization.

Some people become nervous when humanitarianism is mentioned, and would be prepared to "make criticism." In fact, this is rather stupid. Why can socialism not be linked with humanitarianism.

"China really needs socialist humanitarianism now!" Liu Zaifu said with deep feelings. First, this will improve the image of the Chinese nation in the world; second, it will help harmonize human relations in our country; third, it will affirm the subjective value and creativity of individuals. The gravity center of our nation's life has been shifted. In the past, our social life was based on the concept of "taking class struggle as the key link," which has been proved wrong. Now, we are seeking a new base for the national spirit. In my opinion, socialist humanitarianism should be the new supporting points. Then, Liu Zaifu predicted with deep feelings: "I expect that in a certain period to come, the cultural concept of 'taking class struggle as the key link' and socialist humanitarianism will be the fundamental cultural clashes in our nation's life."

Knitting the Brocade of Life

Liu Zaifu was born in a southern Fujian village. He has made great efforts to promote the development of literature and art theory in our country. So far, he has published many works, including "Lu Xun's Aesthetic Thought" and "Biography of Lu Xun," and five poem collections including "Pure White Rush." His name has been included in the book "Who's Who" compiled by the World Biography Center of Cambridge University. In late April this year, he was promoted to be researcher by the Chinese Academy of Social Sciences. Later this month, this work "The Composition of Disposition" will be published. At present, he is busy reading the final proof of "Liu Zaifu Literature Theses" published in Hong Kong. It is expected that this book will be available to readers late next month. His other theses collection "Introspection of Literature" will be published by the people's literature publishing house by the end of this year.

Before we finished the interview, Liu Zaifu told us that he is planning to deepen the study of the subjective nature of literature, and will write a book on this topic. After the interview, we recalled a passage in his book "On the Subjective Nature of Literature": "A person most easily loses freedom under these two conditions; being bogged down in adverse circumstances and being confined by his reputation in favorable circumstances." His work and his thoughts about human society and human life prove that he is able to maintain freedom in both adverse and favorable circumstances.

GUANGMING RIBAO ON ROLE OF IDEOLOGICAL WORK

HK180745 Beijing GUANGMING RIBAO in Chinese 5 Jul 86 p 3

[Article by Wu Anchun: "Also Discussing the Position and Role of Ideological and Political Work"]

[Excerpt] At present, people have not achieved a unified understanding of the position and role of ideological and political work. Serious discussions about this issue will help people unify their understanding of this issue. [paragraph continues]

This is of significance in strengthening our ideological and political work. In this article, I would like to give my elementary opinion on some aspects of this issue.

I

During a certain period, some newspapers, journals, and other works often said that "ideological and political work is a branch of science." I do not think that this is a clear concept. It may mean that ideological and political work is a kind of professional work which must follow some objective laws and be based on a scientific foundation. It may also mean that ideological and political work itself is a branch of science. Therefore, that proposition may equate professional work with scientific principles and thus confuse practice with theory. As we all know, science refers to an ideological system or a theoretical system which is based on the summing-up of practical experience. Ideological and political work itself is not a theoretical system. It is specific work, like economic work, technical work, educational work, or management work. Although it has to strictly follow some scientific rules, it is still a piece of specific professional work. Only economics, technology, pedagogy, and management science can be regarded as science. Similarly, only theoretical studies and theory about political work or political education can be regarded as a branch of science. The theory forms a sound scientific system, which is developed on the basis of summing up people's work practice and grasping the regularity of ideological and political work. The political work theory is now a young science branch. Its establishment and development will help us conduct ideological and political work in a scientific way and in line with the scientific principles of the relevant theory.

II

How should we analyse and understand the position of ideological and political work? Marxist philosophy tells us that matter and consciousness, as well as social being and social consciousness, exist in dialectical unity. Under the premise of affirming that social being determines social consciousness, we must also affirm the relatively independent position of social consciousness. Progressive social consciousness will promote social development; while backward and reactionary social consciousness will retard or obstruct social progress. People's activities in transforming the objective world, as well as all kinds of specific work, are guided by certain thoughts and plans and are designed to achieve certain purposes. So, only with correct thought can our work achieve good results; without the guidance of correct thought, we will not be able to do our work effectively and our work will not achieve good results. [passage omitted]

Some comrades ask: As the party Central Committee's decision on reform of the economic structure clearly stipulates, ideological work in the new period must follow the guideline of serving the party's general task and general objective. Will this lower the position of ideological and political work? This worry is unnecessary. As we know, our party's general task and general objective at the present stage is arduous and grand. To serve the realization of this great objective, ideological and political work will become more important rather than being downgraded. In fact, the party's ideological and political work not only serves the party's general task and general objective now, but it has always served the party's general task and general objective. [passage omitted]

III

Why does ideological and political work hold such an important position? Because "ideological and political work is the lifeblood of economic and other work" (quoted from "Resolution on Certain Questions in CPC History Since the Founding of the PRC"). The term "lifeblood" vividly shows the importance of ideological and political work. Its important role is reflected mainly in the following two aspects:

First, ideological and political work provides a reliable guarantee for the socialist character and orientation of our party's work in all fields. We are now engaged in a socialist cause, and our work in all fields should serve the purpose of advancing this cause. The party is the leadership core of the socialist cause. Only by subjecting our construction to the leadership of the party and acting in line with the party's principles and policies can we bring our work into line with the fundamental interests of the whole people and the socialist state. Our current modernization program is a major step leading to the realization of communism. In the modernization process, we must always adhere to the socialist orientation so as to build socialism with Chinese characteristics in our country. All of our reform measures should be favorable to the development of social productivity. Without the party's correct leadership, it is impossible to achieve these purposes. [passage omitted]

Second, ideological and political work provides a reliable guarantee for unifying people's will and arousing people's initiative. Socialist consciousness and a socialist movement will not spontaneously appear among the people, and their socialist initiative and creativity will not automatically be brought into play. We must make efforts and do ideological and political work to "tap" the potential initiative and creativity among the people. After we seized political power and solved the issue of ownership, our tasks of primary importance were to help the people realize that their fundamental interests lie: In the realization of socialist modernization; in the development of social productivity; in the continuous improvement of human relations which form a "united force" to promote the development of productivity. In order to fulfill these tasks, we cannot use the method of issuing coercive orders, but should just rely on careful and deepgoing ideological and political work so as to convince the people. Of course, ideological and political work is not the sole method and is not isolated from other work. When persisting in doing ideological and political work, we must also adopt various economic means to ensure the people's material interests. However, all economic means and material interests must be combined with effective and scientific ideological and political work. Only thus can they be really effective.

CHEN MUHUA ADDRESSES NATIONAL BANK CONFERENCE

OW152000 Beijing XINHUA in English 1443 GMT 15 Jul 86

[Text] Beijing, July 15 (XINHUA) -- More currency was withdrawn from circulation, adequate credit funds were made available for industrial and agricultural production, and the foreign exchange reserve remained stable in the first half of this year, State Councillor Chen Muhua said here today.

The currency withdrawn from circulation between January and June was 6.5 billion yuan more than in the same period of last year, Chen, governor of the People's Bank of China told a national conference of the Agricultural Bank of China.

In the period, urban and rural savings deposits increased by 30 billion yuan, 47.5 percent more than the same period of last year. By the end of June, total urban and rural savings stood at 192.6 billion yuan.

Chen owed the progress to the stabilized domestic market, the increase of savings centers and improvement of banking services, and the rise in interest rates of savings deposits last year. "All these have greatly aroused the enthusiasm of the people for saving", she said.

She told the conference that banks have provided sufficient funds to enterprises for their production of goods in high demand, for export, raw and semi-finished materials, and energy, "though it is true that funds were strained at the beginning of the year."

Credit funds to fixed-assets increased in a controlled and steady way, Chen said. She expressed satisfaction that the agricultural bank has given adequate support for farming and livestock breeding, especially grain production. Credit loans to rural enterprises are also on the rise, she said.

The state foreign exchange reserves have stopped going down, she told the conference. In June, China earned 14.8 percent more from foreign trade, and paid 3.2 percent less for imports than in the same period of last year.

However, banks may still face problems caused by lack of funds in the latter half of the year, the governor warned. She urged the banks to work harder to keep the currency stable and strive for a balance in international revenue and expenditure.

DENG LIQUN ATTENDS PHOTO EXHIBITION OPENING

OW180105 Beijing Domestic Service in Mandarin 1100 GMT 17 Jul 86

[Text] An exhibition of art works and photos by people of Korean nationality living in Yanbian [Jilin Province] opened at the Cultural Palace for Nationalities this morning.

The oil paintings, traditional Chinese paintings, woodcuts, and photos on display portray the production, life, customs, and habits of people of Korean nationality from different angles.

Deng Liqun, Song Renqiong, Bangen Erdini Qoigyi Gyancan, and some comrades of Korean nationality working or studying in the capital attended the opening ceremony.

LI XIANNIAN WRITES INSCRIPTION FOR TIANJIN CITY

SK070931 Tianjin TIANJIN RIBAO in Chinese 26 Jun 86 p 1

[Text] After inspecting the work of Tianjin in early May, Li Xiannian, president of the state, personally wrote the inscription "The people's city should be built by the people" for our municipality to fully affirm the municipality's method of mobilizing the masses to jointly build their homeland.

During the Sixth 5-Year Plan period, with the support and concern of the CPC Central Committee, the people of our municipality responded to the call of the municipal CPC Committee and the municipal government on "seeking welfare through self-reliance and building the people's city by the people." They worked with one heart and one mind, participated in labor on their own initiative, strove to build Tianjin into a new city, completed the project of diverting Luan He water to Tianjin, renovated streets, and built the central ring road, Haihe Park, the food street and the ancient cultural street, making remarkable changes in the outlook of Tianjin Municipality. "Building the people's city through the efforts of the people" has become an important experience in making Tianjin's municipal urban construction successful.

The inscription of Comrade Li Xiannian will be inscribed on the monuments erected on Qinjian bridge of the central ring road and in Xiahuayuan of Haihe Park.

LEADERS ATTEND BEIJING CALLIGRAPHY EXHIBITION

OW162229 Beijing XINHUA Domestic Service in Chinese 1150 GMT 16 Jul 86

[By correspondent Li Jun]

[Excerpt] Beijing, 16 Jul (XINHUA) -- The second national exhibition of young and middle-aged calligraphers and seal carvers opened at the Chinese Art Gallery in Beijing today.

Comrades Xi Zhongxun, Fang Yi, Song Renqiong, Zhang Aiping, and Qian Changzhao attended the opening ceremony and presented awards to outstanding calligraphers and seal carvers. [passage omitted]

XI ZHONGXUN ADDRESSES SELF-TAUGHT STUDENTS

OW141605 Beijing XINHUA in English 1453 GMT 14 Jul 86

[Text] Beijing, July 14 (XINHUA) -- Twenty self-taught students got their bachelor of arts diplomas from Beijing's higher education institutions today.

Together with them, 1,433 students received certificates for passing eight separate college courses, including the Chinese language, law, mathematics and accounting. At the ceremony, held in the Great Hall of the People here, Xi Zhongxun, member of the Chinese Communist Party's Political Bureau, said that encouraging self-study is an efficient way to train qualified personnel for China's modernization program. Since the examination system for self-taught students of college courses was set up six years ago, 5,500 people have got bachelor's degrees or the college certificates.

ZHANG JINGFU URGES TESTING BUSINESS LEADERS

OW130943 Beijing XINHUA Domestic Service in Chinese 1353 GMT 11 Jul 86

[By reporter Ge Daxing]

[Excerpts] Beijing, 11 Jul (XINHUA) -- Zhang Jingfu, state councillor and chairman of the Guidance Committee for State Examinations for Economic Managerial Personnel, said: We must uphold the unified examination system for enterprise managers and plant and mine directors as a state institution. At present, enterprises are complaining about two many examinations. The departments concerned should make overall arrangements to cut back on some examinations, but we should first concentrate our energies on implementing the unified examination system.

The fifth group of enterprise managers and plant and mine directors is taking the examination from 11 to 14 July. Responsible persons of the Guidance Committee for State Examinations for Economic Managerial Personnel Zhang Jingfu, Yuan Baohua, He Guang, and Zhang Yanning and Beijing Vice Mayor Zhang Jianmin visited the examination sites in the Beijing area this morning and called on enterprise leading cadres taking the examination there. [passage omitted]

Zhang Jingfu told the enterprise leaders: Plant directors are very busy persons, but "a woodcutter must sharpen his knife in order to do his job well." As a result of their pre-examination training, many enterprise managers and plant and mine directors have more systematically studied and understood our principles and policies regarding socialist construction in the new period, and acquired the basic knowledge of enterprise management and economic legislation. With their improved leadership ability, they have remarkably promoted reform and production development in their respective enterprises. Zhang Jingfu said: Progress of the unified examination system is still uneven, because leaders of some enterprises have not taken the examination even though their names are on the examinee list. The departments concerned, including the departments in charge of enterprises, must firmly strengthen their supervision, actively create the necessary conditions for enterprise managers and plant and mine directors to take the unified examination, and strive to have the managers and directors of all large and medium-sized enterprises basically complete the examination this year.

PENG CHONG AT PHILHARMONIC ANNIVERSARY CONCERT

OW102325 Beijing XINHUA in English 1420 GMT 10 Jul 86

[Text] Beijing, July 10 (XINHUA) -- The Central Philharmonic Society, China's largest association of conductors and musicians, celebrated its 30th anniversary here this evening with a concert of Chinese and foreign symphonies, choral music and piano, violin and vocal solos. Members of the society will perform throughout the week in the Beijing Concert Hall and elsewhere in the city. During the week, it will play works by Beethoven, Mozart, Schubert, as well as by China's leading composers including Xian Xinghai and He Luting.

Established in 1956, the Central Philharmonic Society includes more than 500 conductors and soloists and 120 choralists who have given more than 8,100 concerts for more than ten million people over the past 30 years. Winner of international awards, the society has played with conductors, musicians and singers from more than 30 foreign countries, including France, Italy, Japan and Singapore. Peng Chong, vice-chairman of the National People's Congress Standing Committee, and other high-ranking officials attended this evening's performance.

WANG ZHAOGUO ADDRESSES GRADUATION CEREMONY

OW162230 Beijing XINHUA Domestic Service in Chinese 1231 GMT 16 Jul 86

[By reporter Zou Aiguo]

[Text] Beijing, 16 Jul (XINHUA) -- A graduation ceremony for the 1986 summer class students of the Central Party School was held at the school auditorium this afternoon. Comrades Hu Qili, Wang Zhaoguo, and Wang Zhen attended the ceremony to offer their congratulations to the 1,006 students, who have completed study at the school and will soon return to their posts.

These students were graduated from the school's training, advanced study, or other departments. Graduating together with them were 1,025 students of the branch campuses of the Central Party School.

Wang Zhen, vice chairman of the Central Advisory Commission and president of the Central Party School, presided over the graduation ceremony. After declaring the opening of the ceremony, he asked Comrade Wang Zhaoguo, member of the CPC Central Committee Secretariat in charge of party organization and cadre work, to speak to the graduates.

Wang Zhaoguo's speech dwelt on the historical mission of young and middle-aged cadres. After reviewing the party's history, he pointed out that the primary historical mission of young and middle-aged cadres is to persist in making reforms and promoting the reform. He said that while ensuring smooth progress in the economic structural reform, it is necessary to take appropriate measures to reform the political system.

Relating his experience in conducting investigation and study for carrying out political structural reform, Wang Zhaoguo said: Political structural reform is a very important component of our efforts to perfect China's socialist system and build socialism with Chinese characteristics. By making reforms, we want to set up a highly democratic and efficient socialist political system, complete with legal system. He stressed that political structural reform should help improve and strengthen the party's leadership and should be carried out in a systematic and planned manner.

Wang Zhaoguo expounded five questions concerning political structural reform. They are: streamlining organization, raising efficiency, improving the socialist legal system, developing socialist democracy, and separating party from government functions.

Discussing the education of young and middle-aged cadres, Wang Zhaoguo said: In order to perform the historical mission, young and middle-aged cadres should strive to improve themselves in the following four aspects: First, they should have the courage and ability to creatively combine the basic principles of Marxism-Leninism and the party Central Committee's decisions and instructions with the concrete conditions where they live and where they work. Second, they should temper their party spirit and, as the people's public servants, be honest in performing official duties. Third, they should inherit and carry forward the fine tradition of working hard and going down to the grass-roots and hardship posts to utilize their talents. Fourth, in order to be qualified leaders for the modernization drive, they should work with efficiency, display democratic spirit, and never become the new bureaucrats.

Wang Zhaoguo said he was convinced that through extensive practical training, the young and middle-aged cadres will become Marxist theorists, excellent political leaders, and socialist entrepreneurs. In conclusion, he urged the graduates to jointly strive to fulfill the glorious historical mission and revitalize the Chinese nation in the 21st century in order to live up to the expectations of the party and the people.

Also attending the graduation ceremony were officials of departments concerned Han Tianshi, Wei Jianxing, Zhu Houze, and Zhao Dongwan.

LEADERS ATTEND PERFORMANCE OF LI BOZHAO'S WORKS

OW091411 Beijing XINHUA Domestic Service in Chinese 1402 GMT 7 Jul 86

[By reporter Li Guangru]

[Excerpts] Beijing, 7 Jul (XINHUA) -- A commemorative performance of Li Bozhao's literary and art works was held tonight at the Shoudu theater. Her modern drama "The Third" and opera "Song of the Countryside," both eulogizing the struggle and life in the anti-Japanese democratic base areas, were staged.

Leading comrades, including Xi Zhongxun, Yang Shangkun, Yu Qiuli, Hu Qili, Qin Jiwei, Wang Zhen, Song Renqiong, Wang Ping, Song Shilun, Liao Hansheng, Zhang Aiping, and Kang Keqing, attended the performance along with responsible persons of central organs, veteran Red Army fighters, public figures from literary and art circles, and people of the capital, nearly 1,000 in all.

Prior to the performance, Wang Zhen, vice chairman of the Central Advisory Commission who had proposed the holding of this commemorative activity, made a speech. He said: Comrade Li Bozhao was a student of Xiao Chunu, a youth movement leader during the early period of the CPC. She joined the CYL at the age of 14. After studying in the Soviet Union, she returned home and arrived in the Jiangxi revolutionary base areas in the fall of 1931. In Ruijin, she worked as an editor of HONGSE ZHONGHUA [RED CHINA], organized the general office of the Worker-Peasant Drama Society, initiated the Gorkiy Theatrical School, and later participated in the work of organizing the Lu Xuan Art Institute. She was one of the pioneers of the literary and art work and propaganda movement of our party and army in the revolutionary base areas.

Wang Zhen said "Li Bozhao deserves to be regarded as a bravely struggling Chinese woman and a Long March hero from the literary and art circles." He said: Being one of the dozens of Red Army Women fighters in the Long March, Comrade Li Bozhao wrote a complete "Long March Diary." In the face of hardships and under heavy gunfire, she always worked actively on the battlefront, doing propaganda work to inspire the comrades. She created many battlefront works, including operas, modern plays, and novels, all of which played a vital role in uniting the masses and dealing blows at the enemy. Until today, her indomitable fighting will and artistic talent remain clear in the minds of many of our veteran comrades. This is really a rare accomplishment worthy of esteem!

Wang Zhen continued: Comrade Li Bozhao worked for the revolution for over 60 years. She invariably relied on her own efforts in carrying out her work and doing difficult chores and was an outstanding party member who did not seek personal fame. She took a serious attitude in writing, and showed a high sense of responsibility toward society and history. Her lofty revolutionary and heroic bearing was also manifested in her revolutionary writing style. Even in the adverse circumstances during the 10-year catastrophe, when she was disabled due to prosecution by the two counterrevolutionary cliques of Lin Biao and Jiang Qing, she did not show the slightest sign of wavering and never put down her pen. Her modern drama "Going North" and novel "A Female Communist" have been well received by spectators and readers, Chinese and foreigners alike. To the party, she was, at all times, a eulogizer. Until her heart stopped beating, she always wanted to write memoirs and use party history and communist ideology to educate the coming generation. While holding leading posts in the Beijing People's Art Theater and the Central Academy of Dramatic arts, she worked her heart out to train competent literary and art workers. As a result of her efforts, her "students can be found everywhere." [passage omitted]

The commemorative performance was jointly sponsored by the Chinese Dramatists Association, the Central Acadmey of Dramatic Arts, the Central Opera Theater, and the Beijing People's Art Theater.

HAO JIANXIU WRITES INSCRIPTIONS FOR HENAN JOURNAL

HK030819 Zhengzhou Henan Provincial Service in Mandarin 1300 GMT 1 Jul 86

[Text] Today, Hao Jianxiu, secretary of the Secretariat of the CPC Central Committee, made inscriptions for FUNU SHENGHUO ZAZHI of our province. Comrade Hao Jianxiu's inscriptions are: Hoping FUNU SHENGHUO ZAZHI will become a friend of women, an assistant of their work, an adviser of their families, and a staff officer of their livelihood. It will encourage women to open up a road and to advance the four modernizations.

HAO JIANXIU ARRIVES IN LHASA FOR INSPECTION TOUR

HK161604 Lhasa Xizang Regional Service in Mandarin 1130 GMT 15 Jul 86

[Excerpts] Comrade Hao Jianxiu, secretary of the CPC Central Secretariat, and a 10-person delegation arrived in Lhasa on the morning of 15 July to inspect and guide work in the region. Regional party, government, and Army leaders and leading comrades of the regional CPPCC committee, Lhasa City, and the relevant regional departments Wu Jinghua, Pagalbaa Geleg Namgyain, Raidi, Doje Cering, Zhang Fengjiao, Tangmai Gangjue Baimu, Yang Youcai, Yang Houdi, and (Wang Guangpei) greeted Comrade Hao Jianxiu and her party at the airport in the rain.

NPC Vice Chairman Bainqen Erdini Qoigyi Gyaincai especially sent his representative from Xigaze to meet the comrades from the central authorities at the airport and presented Hada "silk greeting gifts" to them. [passage omitted]

On behalf of the regional party, government, and Army leaders, Comrade Wu Jinghua presented Hada to Hai Jianxiu and other central comrades. Young women of Zang nationality presented Qingke wine to the comrades from the central authorities. Comrade Raidi introduced to Comrade Hao Jianxiu all the leading comrades who had come to greet her. They had a group photograph taken in front of the plane to mark the occasion. Then, comrade Hao Jianxiu and her party drove to Lhasa.

In the lobby of the hotel, Comrade Hai Jianxiu introduced to regional leading comrades all the other comrades from the central authorities. Among them were Zhang Guoying, first secretary of the All-China Women's Federation; Liu Yandong, female, secretary of the Secretariat of the CYL Central Committee; and responsible comrades of the Ministry of the Textile Industry, the Ministry of Light Industry, and the Ministry of Commerce. Then, Comrade Hao Jianxiu delivered a short speech. [passage omitted]

LI TIEYING ON BOOSTING ELECTRONICS INDUSTRY

OW161137 Beijing XINHUA in English 1030 GMT 16 Jul 86

[Text] Shanghai, July 16 (XINHUA) -- Based in Beijing and Shanghai Cities, and Jiangsu and Guangdong Provinces, China will speed up the development of the electronics industry during the current five-year plan, Electronics Industry Minister Li Tieying told XINHUA today.

The minister is here together with more than 60 experts from the electronics industry ministry and the above-mentioned cities and provinces to discuss the development of the industry.

The experts held that more fund and technical force should be given to these cities and provinces to make them bases of the industry. Then they will be able to produce advanced products competitive in both home and foreign markets and help other areas to develop the electronics industry. Priority will be given to the production of integrated circuits, color kinescopes, program-controlled exchanges, and computer software, Minister Li said.

CHEN GUANGYI ON FUJIAN'S PARTY RECTIFICATION

OW200452 Fuzhou Fujian Provincial Service in Mandarin 1030 GMT 19 Jul 86

[Text] According to our reporters Huang Zongke and Lin Zaizhang, a provincial work conference on party rectification closed today in Putian City. Chen Guangyi, secretary of the provincial CPC Committee, delivered an important speech at the conference on how to make party rectification in rural areas a success.

Comrade Chen Guangyi said: In conducting rural party rectification, we must make every effort to ensure the progress of reform and the development of the rural economy. Of key importance is a clear-cut guiding principle; that is, our party rectification work must create the following benefits: It must be conducive to the in-depth and in-breadth development of rural reform; the further promotion of rural production; the further enlivening of the rural economy; the further display of the peasants' production initiative; the solution to the poverty problem and the creation of wealth in poverty-stricken localities, including old revolutionary base areas, minority inhabited regions, remote places, and islands; and the building of the material and spiritual civilizations in rural areas.

Comrade Chen Guangyi pointed out: In view of the actual situation in our province's rural areas, we must resolve the following questions while conducting rural party rectification: First, we must resolve the question of how to have our party members play an exemplary and leading role.

Second, we must resolve the question of the unhealthy party style. In this regard. emphasis must be placed on resolving the problem of a few cadres with party membership abusing their power for selfish ends and violating the law and discipline to a serious extent.

Third, we must resolve the question of weakness and laxity in the party of some grass-roots party organizations.

Fourth, we must resolve any other prominent questions presently existing in the rural areas.

Whether these questions are resolved or not indicates whether we are serious or perfunctory in doing the work of rural party rectification. After the conclusion of rural party rectification, we must examine what we have done, and if it is found that any of the above questions have not been resolved, work must be started again to resolve them.

Comrade Chen Guangyi said: Party rectification at township, town, and village levels must be carried out in such a way as to create the above-mentioned six benefits. Of prime importance is that it should promote the intensive development of rural reform, the growth of the rural economy, the solution to the poverty problem and creation of wealth in poverty-stricken areas, and the building of spiritual civilization in rural areas.

Comrade Chen Guangyi stressed: The more we advance toward opening and reform, the more it is necessary to be strict in administering the party. The work in these two areas complement each other. We must achieve outstanding results in implementing the open and reform policy, and at the same time make concrete achievments in rectifying our party style.

To be strict in adminstering the party, we must overcome the problem of weakness and punish or expel from the party as necessary those cadres with party membership who have really abused their power for selfish ends and violated law and discipline to a serious extent. In no way should we be merciful and soft-hearted in dealing with them. We must choose some typical cases that have serious harmful effects and handle them openly so as to warn others against following such examples.

Concluding his speech, Comrade Chen Guangyi said: We must do well in strengthening grass-roots party organizations; that is, we must successfully improve these basic-level bodies. In addition, we must further strengthen our leadership over the work of party rectification.

He urged the party committees at all levels, especially county and township party committees, to conduct party rectification with the same vigor and awareness as displayed in grasping economic work so as to fulfill the requirements of party rectification in the province.

JIANGSU LEADERS ATTEND LEGAL KNOWLEDGE LECTURE

OW191351 Nanjing Jiangsu Provincial Service in Mandarin 1000 GMT 18 Jul 86

[Excerpts] Lectures on legal knowledge for provincial leaders, sponsored by the Standing Committee of the Jiangsu Provincial CPC Committee, began on 17 July. [passage omitted]

Attending the class were leading comrades of the CPC Committee, the Advisory Commission, the Discipline Inspection Commission, the People's Congress Standing Committee, the people's government and CPPCC Committee of Jiangsu Province; and the leading comrades of some provincial departments, committees, offices, and bureaus. They included Han Peixin, Shen Daren, Gu Xiulian, Sun Han, Chen Huanyou, Wu Xiuju, Hu Fuming, Gu Hao, Liu Lin, Chu Jiang, (Tian Zhuohan), and He Binghao.

Sun Jiazheng, deputy secretary of the provincial party committee, delivered a short speech and gave a briefing on the schedule. [passage omitted]

JIANGSU RADIO ON CONSOLIDATION OF PARTY RECTIFICATION

OW180557 Nanjing Jiangsu Provincial Service in Mandarin 1000 GMT 17 Jul 86

[Station Commentary: "Strive To Consolidate and Develop Party Rectification Results"]

[Text] It is important to solve the problem of further carrying out the work of party building after party rectification is accomplished. Experience of many party rectification units has shown that party rectification at a certain time can only solve a few pressing and major problems inside the party, and cannot solve all problems. Due to the rather short period of party rectification, some problems were not thoroughly solved. Problems will reoccur, even after being solved, while others still remain to be solved, because corrective measures are yet to be carried out. Besides, development in various fields will also present new tasks and demands in our party-building efforts. Therefore, units which have completed a stage of party rectification are still faced with the heavy task of building the party. The thought that we can relax for a while after party rectification is over is detrimental. We should, like comrades in Yangzhong County party committee, seriously study and work out practical measures to consolidate and develop party rectification results.

HENAN PREFECTURAL COURT SENTENCES TWO TO DEATH

HK160753 Changsha Hunan Provincial Service in Mandarin 0900 GMT 14 Jul 86

[Text] This morning, the Huaihua Prefectural People's Intermediate Court held a 3,000-people judgment pronouncing rally to sentence to death extremely serious grafters, (Shi Jianan) and (Li Wei) and to deprive them of political rights for life.

At the end of September 1984, (Shi Jianan) was instructed by Huaihua (Taikang) Company to promote the sale of 150 tons of fine Angora rabbit hair from Huaibin County Native Products Company, Henan Province. (Shi Jianan) intentionally increased the purchase and sale links and in collusion with other people, including (Li Wei), committed graft, and acquired 470,000 yuan. He also resorted to unlawful measures to draw an enormous sum of money from a bank to privately share out. (Shi Jianan) received 217,500 yuan and (Li Wei) 170,500 yuan.

After (Li Wei) received this enormous sum of money, (Shi Jianan) helped him bribe a Hong Kong visitor. On the evening of 26 December 1984, he stealthily crossed the border and sneaked into Macao. Later, he was arrested. While (Li Wei) was being returned to Huaihua under escort, he jumped from a car and fled. He was arrested again by public security personnel.

HUBEI IMPLEMENTS MANAGER RESPONSIBILITY SYSTEM

HK171051 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 16 Jul 86

[Excerpts] According to HUBEI RIBAO, by the end of June, 793 enterprises in the province had implemented the manager responsibility system, accounting for 17 percent of the province's total state-owned industrial enterprises and about 54 percent of key enterprises at the provincial, prefectural, city, and autonomous prefectural levels.

Investigations show that most of the enterprises that have implemented the manager responsibility system have achieved good results. Managers, party organizations, and trade union federations and workers' congresses have all benefited from the implementation of the manager responsibility system. Their relationships have become more harmonious than before.

First, as representatives of legal persons of enterprises, managers have exercised unified leadership and assumed overall responsibility in production, business operation, and administration of enterprises, and changd the situation of enterprises being slow in making policy decisions and inefficient in commanding production. Consequently, the leadership structure of enterprises can meet the needs of planned commodity poroduction and modern mass production and help enterprises in making policy decisions and improving economic results. [passage omitted]

Implementation of the manager responsibility system has also made it possible for CPC committees to concentrate their efforts on party building and ideological construction, changed the previous situation of the party failing to administer party organizations, strengthened and improved party work, and promoted the building of spiritual civilization. [passage omitted]

Implementation of the manager responsibility system has also strengthened and developed democratic management of enterprises, promoted coordinated reforms within enterprises and lateral economic ties with other enterprises, and improved economic results of enterprises. [passage omitted]

GUIZHOU RADIO ON MANAGER RESPONSIBILITY SYSTEM

HK170505 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 16 Jul 86

[Station short commentary: "Actively and Steadily Promote the Manager Responsibility System"]

[Text] Some state-owned industrial enterprises in the province have carried out pilot project work in implementing the manager responsibility system. Most of them have achieved good results. These enterprised have enhanced the system for commanding production, business operation, and management; strengthened the party's work and formed an atmosphere for staff and workers managing enterprised democratically, thus promoting the development of production. However, a number of enterprised still have poor understanding of implementing the manager responsibility system. In these enterprises, managers have not fully exercised their power. As a result, these enterprises often have too many things to take care of at the same time and people in the enterprises often have disputes over trifles and shift responsibility to others, much to the detriment of production.

Implementing the manager responsibility system is an important reform in the leadership structure of enterprises, as well as an important measure for enlivening enterprises. As modern enterprises have an elaborate division of labor, they require a high degree of continuity in production and strict technology. They involve complicated relationships in cooperation. Therefore, it is necessary to establish a unified and highly efficient system for commanding production, business operation and management, and to implement the manager responsibility system in these enterprises. Only thus can they enhance the system for commanding production, business operation, and management, make fast policy decisions, give effective commands, be efficient, and meet the requirements of modern enterprises.

To implement the manager responsibility system, the key is in properly handling the relationship between managers and CPC Committee secretaries and the relationship between party organization and the administration office of an enterprise, so as to ensure that a manager can exercise his power in commanding production and business operation. The manager and the CPC Committee secretary are the principal parties and administration cadres four requirements, those comrades who have good political quality, dedicate themselves to work, have ability, and are skilled in administration to be enterprise managers and CPC Committee secretaries. Managers and CPC Committee secretaries must work together with one heart and form an few kind of leadership group. Those who engage in malpractices and cannot unite with others must be removed from leadership groups. The enterprise party organization must support the manager in exercising his power in commanding production business operation, ensure and supervise the implementation of various policies of the state and party, and properly conduct ideological and political work among staff and workers. The enterprise manager and CPC committee secretary must join hands in fulfilling all enterprise tasks, and must unite, fight, and make joint efforts to enliven the enterprise.

NEI RONGGUI AT SICHUAN MEETING ON PARTY RECTIFICATION

HK160713 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 15 Jul 86

[Text] Today, the provincial CPC Committee held a meeting at Chengdu City's (Jiliuba) guesthouse on party rectification work. Nei Ronggui, deputy secretary of the provincial CPC Committee and deputy leader of the provincial leading group for party rectification work, presided over the meeting and made a speech.

The meeting was attended by leaders of the provincial leading group for party rectification work in Chengdu, including Xu Mengxia, Yang Wanxuan, Zhang Lixing, He Haoju, An Faxiao, Wang Ao and Feng Zhenwu.

At the meeting, Feng Zhenwu, director of the provincial CPC Committee office for party rectification, conveyed the spirit of the party rectification forum held by the Central Commission for Guiding Party Rectification in (Qianzhen) town, Changhai. Then, (Yuan Juxian) deputy director of the provincial CPC Committee office for party rectification, conveyed the spirit of the national conference on the work of investigating the people of three categories.

The 4-day meeting on party rectification work will further discuss the spirit of the above two meetings of the Central Commission for Guiding Party Rectification. Based on this, the meeting will discuss and revise the five documents drafted by the provincial CPC Committee office, as well as the party rectification experience of various localities.

The meeting was attended by over 150 people, including the prefectural and city CPC Committee deputy secretary in charge of party rectification work, directors of offices for party rectification, comrades responsible for the investigation work, and leaders of prefectural and city teams for the work.

YUNNAN STUDIES IDEOLOGICAL POLITICAL WORK

HK171300 Kunming Yunnan Provincial Service in Mandarin 1000 GMT 16 Jul 86

[Excerpts] While making a report at the provincial CPC Committee's conference on ideological and political work this afternoon, Yunnan Provincial CPC Committee Secretary Pu Chaozhu emphasized: The whole party must do ideological and political work and every party member must act as an outstanding propagandist. Centered on all-round reform, it is necessary to extensively and penetratingly do propaganda work among the masses, to organize them, and to work hard to realize the general task and general aim of the party.

In his report Pu Chaozhu dealt mainly with five issues: 1) the situation and the importance and necessity of strengthening ideological and political work; 2) who ideological and political work should serve; 3) who we rely on to do ideological and political work and how to do it; 4) how propaganda, ideological, and theoretical fronts give play to their functional role; 5) what aspects of education Yunnan must now pay special attention to grasping well.

Pu Chaozhu said: Reform is complicated social system engineering and is socialist self-improvement. Many problems need our practice and exploration. Without the guarantee of the vigorous ideological and political work, reform cannot progress smoothly.

In the new historical period, ideological and political work must be done, centered on reform and on economic development. Ideological and political work must be done in the work of reform and economic work. [passage omitted]

In his report, Pu Chaozhu finally pointed out: At present, the whole province must pay special attention to grasping well education in four aspects:

1. It is necessary to strengthen education in practical and realistic ideological line [words indistinct].

2. It is essential to strengthen publicity of the socialist commodity economy and of the concept of commodities and to apply an effective method to conduct education in the concept of commodities for the masses of minority nationalities.

3. It is imperative to strengthen reeducation in the policies toward nationalities and religious theory.

4. It is necessary to do ideological and political work for rural party rectification this winter and next spring and to help the grass roots teach the party's lessons well.

CHENGDU COMMANDER COMMENDS YUNNAN BORDER UNITS

HK170125 Chengdu Sichuan Provincial Service in Manarin 2200 GMT 15 Jul 86

[Text] On 10 July, Chengdu Military Region Commander Fu Quanyou and Political Commissar Wan Haifeng issued an order to confer honorable titles on Yunnan border defense units and individuals who had rendered meritorious service in the defensive combat against Vietnam.

Commander Fu and Political Commissar Wan read the order, saying: When the Vietnamese Army frequently carried out harassing activities, in spite of poor and hard conditions, the comraders and fighters of the border defense units of our region stationed in Yunnan united as one, closely coordinated with one another, and repulsed on many occasions the enemy who had attacked and harassed us. They successfully completed the defensive and combat tasks entrusted by their upper level. To commend their herioc deeds, the military region has decided to confer: the honorable title of a Heroic Platoon Standing Fast at its post on the 3d Platoon of the 11th Company of a certain border defense PLA unit; the honorable title of a Crack Artillery Squad on the 1st Squad of the 2d Company of the artillery battalion of a certain border defense PLA unit; the honorable title of a Heroic Border Instructor on (Wang Xuemen), an instructor of the 6th Company of a certain border defense PLA unit; and the honorable title of a Combat Hero on (Mao Yuliang), a platoon commander of the 8th company of a certain border defense PLA unit.

The order exhorts: The commanders and fighters of all PLA units of the whole region must learn from them and make new contributions toward supporting and defending the four modernizations.

NORTH REGION

BEIJING OFFICIALS EVALUATED BY SUBORDINATES

OW171627 Beijing XINHUA in English 1211 GMT 17 Jul 86

[Text] Beijing, July 17 (XINHUA) -- Party and government functionaries in Beijing are now evaluating the work and conduct of their leaders, in an effort to get rid of bureaucracy and promote office democracy.

So far 1,000 leading officials have gone through what is called "evaluation sessions", at which their subordinates are free to criticize.

The drive, initiated by the municipal party committee and government, will eventually involve all bureau, urban district and county leaders, as well as higher officials.

Yan Changyuan, chief of the Water Conservancy Bureau, was among the first to be evaluated. While describing him as a hard working person, his subordinates criticized him for seldom going to the grassroots unit to gain a first-hand knowledge of the conditions there. Shortly after the session, Yang respond to the criticism by going down to two factories operating under his bureau.

Some other officials had received even sharper criticisms. One was a deputy chief of the municipal Administration Bureau, who was criticized for using his power to occupy four government-owned apartments for his family of 10. But the deputy chief rejected the criticism, saying that his family lived in a four-room apartment, not in four apartments. The municipal government investigated the case and confirmed the criticism. The deputy chief was dismissed from his post and made to give up the apartments he was not entitled to.

Jin Jian, deputy secretary of the municipal Communist Party Committee said that evaluation sessions were a good form to exercise supervision of senior officials by their subordinates. Officials should not only be checked on by their superior organizations but also evaluated by their subordinates who know them well, he said. From now on, such activities will be held once every year, Jin said.

NEI MONGGOL MEETING CALLS FOR PLANTING TREES, GRASS

SK180235 Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 17 Jul 86

[Excerpts] From 10 to 12 July, the regional CPC Committee and the government held an on-the-spot office meeting in Horinger County to study and discuss the issues of how to further implement the economic construction policy of taking forestry and animal husbandry as the major undertakings while diversifying the economy and how to speed up the planting of grass and trees in order to develop animal husbandry and the commodity economy in the loess hills and gullies.

This on-the-spot office meeting was held according to the suggestions of Comrade Zhang Shuguang, secretary of the regional CPC Committeee given to this county while making an investigation tour there. Prior to the meeting, leaders of the region and the relevant departments, and of the relevant leagues, banners, counties and cities conducted intensive investigations and study. The meeting was jointly presided over by Tian Congming, deputy secretary of the regional CPC Committee, and Bai Jungqing, vice chairman of the regional government.

Attending the on-the-spot office meeting were the principal responsible leaders of two leagues and eight banners, counties, and cities, including In Ju League and Ulanqab League; Dalad, Ejin Horo, and Jungar Banners; Dongsheng City; and Qingshuihe, Horinger, Liangcheng, and Wuchuan Counties, as well as the responsible persons of the relevant regional departments. [passage omitted]

The meeting discussed in particular the policies and measures for rapidly making the loess hilly areas and gullies prosperous. The meeting stressed that leaders at all levels in these areas should exert the same efforts to plant grass and trees and to develop animal husbandry as they did in grain production. In terms of policies and measures, they should encourage the people to plant grass and trees and to develop animal husbandry while encouraging them to cultivate grain. To this end, the industrial, commercial, communications, scientific, technological, and the agricultural production departments at all levels, should serve this work in a systematic and coordinated manner, display their own functional role, and implement the policies and measures at each level. While attending to planting grass and trees and developing animal husbandry, these areas should also vigorously develop township enterprises and diversify their economy in line with their own situation. Areas that are suitable for grain cultivation should strive to carry out intensive and meticulous farming, raise the per-unit area yield, and do a good job in grain processing and conversion, in order to make full use of grain and to promote the development of animal husbandry. All banners, counties and cities as well as all townships and villages should proceed with their work from their own reality, make overall plans, implement different plans in different areas, carry out the work according to their own capability, be firm in their work, and pay attention to actual results. [passage omitted]

SHANXI SECRETARY DISCUSSES PROBLEMS CONCERNING AGED

HK170711 Taiyuan SHANXI RIBAO in Chinese 1 Jul 86 p 1

["Li Ligong Speech at the Founding Ceremony of the Shanxi Provincial Committee for Aged People and the First Provincial Work Conference on Arrangements for Aged People (27 June 1986)"]

[Text] Comrades:

The Shanxi Provincial Committee for the Aged has been established today and has held its first work conference. This is a happy event for the aged of the whole province. On behalf of the provincial CPC Committee, I would like to extend my warmest congratulations and to take the opportunity to wish the aged of the whole province good health and a happy life!

In recent years, our work for the aged has developed rapidly, achieved remarkable successes, and exerted a far-reaching influence. All localities and departments have made great efforts and done a great deal of work for the aged. Under the guidance of the National Committee on Aging, I believe that the provincial Committee for the Aged, after its founding, will conduct investigations and studies, make overall plans, exercise supervision, and do a good job and create a new situation in our work for the aged.

Now I would like to present some of my views on how to make proper arrangements for the aged.

First, party and government leaders at all levels should support and be concerned with the matter. Millions upon millions of the aged, including workers, peasants, cadres, intellectuals, writers, and artists, are all the wealth of our party. [paragraph continues]

They have accumulated rich experience and made outstanding contributions to China's revolution and construction. Without the efforts of the aged, it would be impossible to carry out the four modernizations and to train a new generation of people for communism. Now, they ought to be respected by the party and people and be cared for by society. The work for the aged covers much ground. It is an important topic to be probed in social and natural sciences. In order to do the work well, we should rely on the efforts of: The leaders at all levels; various localities, departments, and units; neighborhood committees in cities; and leading cadres of townships and towns, rather than just on the committee for the aged, a few people, or certain units. With the profound concern of the whole party and society, the work for the aged will develop vigorously, thus enabling millions upon millions of the aged to spend their remaining years in happiness.

Second, proceed from the actual conditions and help the aged solve their welfare problems. Respecting, cherishing, and providing for the aged are traditional virtues of the Chinese nation, which should be further developed under the socialist system. A man cannot live without the concern and support of others. When a man is advanced in age, he may experience inconveniences and need special care. For this reason, we must understand and sympathize with the aged, satisfy their reasonable material and spiritual needs, and where financial and material conditions permit, offer them as much convenience as possible. If their problems cannot be solved immediately, the reasons should be explained. In a word, we should do our best to let the aged spend their remaining years in happiness. Ill-treatment of the aged, mainly by a handful of degenerate people, is an ugly phenomenon in society today. We must ensure the legitimate rights of the aged, vigorously conduct education in the legal system, and condemn immoral conduct toward the aged so as to thoroughly eliminate the practice of ill-treating the aged.

Third, create conditions for the aged to exert their remaining energies. Although our veteran comrades who have withdrawn from the first line are old, they still have vigor and are willing to contribute continuously to the four modernizations. They stay at home, but their hearts are turned toward the four modernizations, which shows that old people still cherish high aspirations. There are also some veteran comrades who are old but vigorous and who can still make valuable contributions. In accordance with the instructions of Deng Xiaoping and other central leading comrades, we should organize the veteran comrades, provide them with convenience, and create conditions so that they can engage in interesting work within their capabilities and continue to exert their role. Our leading comrades at all levels, and the comrades engaged in the work for the aged, should cherish the veteran comrades' fine qualities. Besides providing for the aged, we should also use their remaining energies and make arrangements for their funerals.

Fourth, do practical work in a down-to-earth manner and avoid formalism.

As the committee for the aged has been founded, it should be worthy of the name. The committee should earnestly study the problems concerning the aged and do good things for the old people. We must satisfy the organizations at all levels as well as the veteran comrades and the younger generation. We must avoid paying lip service and doing work perfunctorily. Experts and qualified personnel in various fields can be organized to make a survey of the problems concerning the aged. They should write articles with original ideas and offer solutions so as to develop the work for the aged throughout the province in a deepgoing manner. That is all I want to say. I have come here today to see you and extend my congratulations to the conference.

TIANJIN'S NI ZHIFU ATTENDS RALLY OF ADVANCED

SK160541 Tianjin TIANJIN RIBAO in Chinese 1 Jul 86 p 1

[Excerpts] On the morning of 30 June, the municipal CPC Committee held a ceremonious rally to celebrate the 65th anniversary of the founding of the CPC, and to commend advanced party organizations and fine party members. [passage omitted]

Leading comrades of the municipal party, government and Army organs, including Ni Zhifu, Li Ruihuan, Wu Zhen, Nie Bichu, Zhang Zaiwang, Zhang Huaisan, Chen Bing, Wang Xudong, Ji Zenghui, He Guomo, Chen Yiyi, Zheng Guozhong, Bai Hualing, Lan Baojing, Wang Peiren, Bai Hua, Zhao Jun, Xu Ming, Shi Jian, Xiao Yuan, Yu Songting, Kang Tiejun, Liao Canhui, and Zheng Wantong, and veteran comrades, including Liu Gang, Wang Enhui, Lu Da and Li Shusen, attended the rally. Representatives of the party members from all fronts of the municipality, totaling 2,200 were present.

The rally was presided over by Wang Xudong, Standing Committee member of the municipal CPC Committe.

At 0900 the rally opened amid the magnificent rendering of the "Internationale." Wu Zhen, deputy secretary of the municipal CPC Committee, read the municipal CPC Committee's decision on commending advanced party organizations and fine party members. Municipal leading comrades presented silk banners, medals, and certificates of honor to the advanced party organizations and fine party members who were conferred honorary titles. [passage omitted]

Before the rally, the municipal leading comrades met with the representatives of the 11 advanced party organizations and 22 fine party members, and held cordial talks with them. The municipal leading comrades encouraged them to make still further progress, and give more play to the role of party organizations as fighting bastions, and to the role of party members as vanguards and exemplars in carrying out reform and the four modernizations. Representatives of the advanced party organizations and fine party members pledged that they will live up to the ardent expectations of the party and the people, and make still greater contributions to party building and the two civilizations.

NORTHEAST REGION

JILIN SECRETARY AT MEETING ON SPIRITUAL CIVILIZATION

SK200313 Changchun Jilin Provincial Service in Mandarin 0930 GMT 19 Jul 86

[Text] Today the provincial research center on the building of the socialist spiritual civilization held a meeting for experts and scholars to discuss the strategies for our province's building a spiritual civilization. More than 20 experts and scholars on the background and prerequisites for our province to formulate a strategic plan for the development of the spiritual civilization, and the connotation, levels, systems and specific content of the strategic plan, and put forward many valuable opinions and suggestions.

They held: In the new situation of opening to the outside world and reform, it is of great significance to study and formulate a strategic plan for the development of spiritual civilization. The provincial CPC Committee and other relevant departments should pay attention to giving overall guidance to the building of spiritual civilization.

The participating experts and scholars also held that studying and formulating a strategic plan for the development of spiritual civilization is an arduous and complicated task, which requires many departments to coordinate and exert efforts to create favorable conditions, and organize discussions and studies on the issues in many fields.

Gao Di, secretary of the provincial CPC Committee, and responsible comrades of other relevant departments attended the meeting.

LIAONING SECRETARY, ACTING GOVERNOR APPOINTED

OW181232 Beijing XINHUA in English 1212 GMT 18 Jul 86

[Text] Shenyang, July 18 (XINHUA) -- Li Changchun, an expert of industrial automation, has been appointed acting governor of Liaoning Province, according to a decision of the provincial People's Congress Standing Committee.

A 1967 graduate of Harbin Industrial Engineering University, 41-year-old Li had been secretary of the Shenyang City Committee of the Chinese Communist Party.

His predecessor, Quan Shuren, has resigned and is now secretary of the provincial party committee.

Attend Defense Report Meeting

SK200323 Shenyang Liaoning Provincial Service in Mandarin 2100 GMT 19 Jul 86

[Text] On the morning of 19 July, the Liaoning Provincial Military District sponsored a report meeting on dedication to national defense and the four modernizations at Shenyang's (Beiling) armymen club. (Zhang Quilan), representative of the ten-sister mutual aid association composed of armymen's wives and a nurse of the Jinzhou City No 2 Hospital, (Mou Yanjiang), special-grade disabled armyman, and four other comrades gave vivid reports on their deeds of being brave to sacrifice and being dedicated to national defense, and making contributions to the country. Their deeds were highly praised by the participants.

Quan Shuren, secretary of the provincial CPC Committee, Li Changchun, acting provincial governor, and (Huang Youtai), commander of the Liaoning Provincial Military District, attended the report meeting.

GANSU COMMENTARY ON MEETING ANNUAL REVENUE PLAN

HK151336 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 14 Jul 86

[Station commentary: "Firmly Grasp Financial Revenue, Fulfill the Annual Plan"]

[Text] The current economic situation in the province is good. Despite shortages of raw materials and power supply, the province's industrial production has maintained continuous and steady growth. A bumper harvest is expected in summer grain. Both urban and rural markets are brisk. Commodity circulation is expanding. All this has laid a good material foundation for us to fulfill the annual financial revenue plan. However, some problems still merit our attention. The main problems are: The comparable costs of enterprises have increased; some products are overstocked, resulting in shortage of circulating funds; and tax evasion and delay of tax payments are very serious in some enterprises. If we fail to properly solve these problems, it will be difficult to fulfill the province's annual financial revenue plan. We must realize that the shortage of raw materials, power supply, and funds will continue in the second half of this year. In particular, the accumulated water in the Nongyangxia reservoir in the upper reaches of the Huanghe may seriously affect the province's industrial and agricultural production. Therefore, we must seize the current favorable opportunity to try every means to increase production and income. Economic management departments at all levels must change their style, go deep into the grass roots, help enterprises resolve practical problems, and try every means to enliven enterprises, circulation, and funds, so as to create good external conditions for normal production and business operations of enterprises. By starting from reform of business operations,enterprises must also upgrade the quality of their.products, cut consumption, expand sales, and conteract the effect of increases in the prices of raw materials within enterprise.

Financial and tax departments at all levels must take effective measures to strengthen management of tax collection, plug all loopholes, check tax evasion, and collect all monies that should be collected. While properly collecting revenues, they must pay serious attention to expenditures. They must properly control and use the funds for special items and must strictly control nonproduction expenses.

This is the first year of the Seventh 5-Year Plan. Fulfilling this year's financial revenue plan will be of great importance to a balance of the province's revenue and expenditure; to continuous, steady, and coordinated economic development in the province; and to smooth progress of the reform of the economic structure in the province. We must proceed from the overall situation, properly carry out our own work, and fulfill and overfulfill this year's financial revenue plan.

YIN KESHENG ATTENDS QINGHAI ECONOMICS MEETING

HK160855 Xining Qinghai Provincial Service in Mandarin 2230 GMT 15 Jul 86

[Text] On 15 July, the provincial CPC Committee and government convened a meeting on work in Pingan County, Haidong Prefecture.

The major issues discussed by the meeting were to study and determine the guiding ideology for Haidong Prefecture's economic development, its major goals in the Seventh 5-Year Plan and its major policies and measures, as well as some economic problems yet to be solved so as to promote a smooth progress in economic construction and structural reform.

Before the convening of the meeting, the provincial CPC Committee organized investigation teams to carry out investigation work in Haidong Prefecture.

Leaders of the provincial CPC Committee and government, including Yin Kesheng, Liu Feng, Gabulong, and Bainma Dandzin; principal leaders of Haidong Prefectural CPC Committee and government; as well as responsible comrades of departments concerned directly under the prefectural authorities attended the meeting.

QINGHAI MEETING ON GUIDELINES FOR HAIDONG PREFECTURE

HK180137 Xining Qinghai Provincial Service in Mandarin 2230 GMT 17 Jul 86

[Excerpts] A conference on work in Haidong Prefecture, convened by the provincial CPC Committee and government, concluded on 17 July after 3 days in session. [passage omitted]

Haidong is Qinghai's main agricultural area, and its population and farmland respectively account for 44 percent and 63 percent of the province's totals. Speeding up economic development in Haidong is of great significance for attaining the province's strategic goals in economic development and the Seventh 5-Year Plan. [passage omitted]

The meeting decided that the guideline for Haidong's economic construction during the Seventh 5-Year Plan is to strengthen the agricultural foundation, develop township enterprises, invigorate county-level economy, and strive to eliminate poverty and make the people rich. In order to accomplish this guideline, the meeting put forward the following principles for future work in the prefecture:

1. Take advantage of strong points and avoid weak ones. We should take full advantage of Haidong's ample resources in land, building materials, and manpower.

2. Persevere in reform and opening up, and develop lateral economic ties.

3. Firmly embrace the concept of commodity economy, and correctly handle the relationship between developing grain production and promoting diversification.

4. Work hard and self-reliantly to change the prefecture's poverty and backwardness.

The meeting pointed out that agriculture is the foundation undertaking in Haidong. The development of agricultural production must be assigned a conspicuous position during the Seventh 5-Year Plan. [passage omitted] It is necessary to carry out reforms in depth, further readjust the rural production structure, get a good grasp of popularizing and applying science and technology, gradually increase agricultural input, strive to improve the production conditions, vigorously develop forestry, grass cultivation, and animal husbandry, build ecological agriculture, and strive to do a good job in building commodity production bases and concentrated production areas.

The meeting formulated a number of policy measures in view of certain practical difficulties and problems facing Haidong Prefecture in developing township enterprises. The meeting demanded that the counties actively develop country-run industries based on local conditions. [passage omitted]

Provincial CPC Committee Secretary Yin Kesheng and Deputy Secretary Liu Feng attended the meeting throughout and made speeches. Comrade Yin Kesheng demanded that the cadres at all levels in the prefecture unify their ideas regarding the goals of endeavor proposed by this meeting, step up their efforts, and work hard. [passage omitted]

QINGHAI STATISTICS BUREAU REVEALS SUCCESSES, PROBLEMS

HK180139 Xining Qinghai Provincial Service in Mandarin 2230 GMT 17 Jul 86

[Excerpts] The provincial statistics bureau held a press briefing on 17 July to announce the province's performance in fulfilling the state plans in the first half of the year.

The province's economy developed steadily during this period. The readjustment of the agricultural structure continued. The sown area of agricultural crops reached 7,562,500 mu, an increase of 55,600 mu over last year. In animal husbandry, the province has victoriously overcome the difficulty caused by particularly severe snowstorms, and the situation is better than last year except in certain places that were particularly hard hit.

Under the impetus of lateral economic ties, industrial production has risen steadily. Output value in the first half of the year was 958.9 million yuan, representing 45.8 percent of the year's plan and showing a rise of 5.5 percent over the same period last year. The scale of capital construction has been controlled. The scale of renovation and technical transformation has been expanded. [passage omitted]

Total value of exports in the first 6 months of the year was $10.77 million, an increase of 25 percent over the same period last year, and representing more than half of the year's plan.

The development of production and the prosperity of the markets have created conditions for increasing revenue. Local revenue during the first half of the year rose by 15.3 percent over the same period last year, while expenditures rose by 11.8 percent. Currency in circulation declined.

Generally speaking, the province's economic performance was good during the first half of the year, but there are also some problems. The outstauding ones are: Agricultural input dropped; economic results in industrial and communications enterprises are not good; and average cash income of the peasants and herdsmen has dropped compared with the same period last year.

In view of these problems, a responsible comrade of the provincial statistics bureau said that in the second half of the year the industry and communications front must concentrate forces on improving economic results. While promoting the work of assisting poor areas, the agricultural and pastoral regions must do a good job in organizing summer and autumn production and the procurement of agricultural and sideline products, and strive to increase output and income.

XIAN PAPER ON PROBLEMS IN LATERAL ECONOMIC TIES

HK160743 Xian XIBEI XINXI BAO in Chinese 23 Jun 86 p 3

[Article by Wang Quangen: "Problems Urgently Awaiting Solution in Lateral Economic Ties"]

[Text] There are some problems urgently awaiting solution that have affected the normal development of lateral economic ties. They are mainly the following:

First, outdated ideas and narrow utilitarian thinking.

Outdated ideas and narrow utilitarian thinking have seriously hindered and affected the further development of lateral economic ties. 1) The sense of departmental or regional ownership. Some departments and regions have vied with each other for power in lateral economic ties. Instead of delegating power and extending the decision-making power of enterprises, they have tried by every means to place restrictions, exercise "management" over enterprises, create obstructions of every description, and even make trouble out of nothing for fear that they would lose their power and "manor." With narrow regionalism and exclusive mentality, some regarded the enterprises and institutions not under their jursidiction as dissidents. Instead of supporting the economic ties between enterprises of other regions and local units, they regarded such cooperation as undermining their foundation and "benefiting at their expense." Consequently, they took measures to control, check, and suppress cooperation. 2) The practices of following the fashion, seeking undeserved reputation, and making things difficult for each other. Some departments and units regarded lateral economic ties as a fashion and vied with one another to show off. They did things in their own way, without giving support to or coordinating with the economic association, just like two or more persons indiscriminately pulling the strings of a puppet. 3) A lack of sense of economic efficiency. In developing lateral economic ties, some regions and departments failed to follow the economic laws and the principle of "equality, mutual benefit, and common progress." They adopted administrative means, knocked together a number of associations, and submitted the results to the higher authorities seeking glory. However, the results, which caused economic losses and damaged the reputation of reform and lateral economic ties, went counter to their wishes. 4) The narrow-minded view of small production. In the face of the current situation of competition and extensive commodity market, some large enterprises remained indifferent and stuck to their old ways of doing things. Some attempted to live in peace and tranquility by neither making contributions nor mistakes in reform. Some waited passively for association requested by others. Some small enterprises adopted guerrilla tactics in order to survive. 5) Narrow utilitarian thinking. In the lateral economic ties, the large, medium, and small enterprises are more eager for quick and instant benefit. Despite the long-term interests, overall situation, and benefits of others, some merely took immediate, partial, and their own interests into account. In the lateral economic ties, they vied with one another to play the leading role and no one wanted to play the minor role. With such a lack of sincerity, the association could not last long. Some cooperated well for one day, but disbanded on the following day.

Second, the slow access to information, inaccurate sources of information, lack of market feedback, imperfect information network, and lack of scientific macrocontrol and planned guidance over cooperative projects. The practice of "rushing headlong into mass action" was stirred up in the lateral economic ties. [paragraph continues]

Owing to a lack of unified planning, many of the guesthouses, catering services, garment shops, and small cement plants run by the associations were duplicate projects, which was something like the "Brownian movement." As a result, the sudden waxing and waning of enthusiasm had a great impact on the economy and market and brought about poor economic and social results.

Third, simplifying administrative procedures and delegating power are the key to the deepgoing development of reform and lateral economic ties. The key link of invigorating large and medium enterprises should be firmly grasped and the policy of delegating power to enterprises and institutions should be implemented in earnest. Under the influence of the party's policy on reform and opening up to the outside world, all localities and departments have enacted relevant policies on delegating power so as to invigorate enterprises and promote lateral economic ties. However, the policies are not being implemented in all enterprises. Some departments have even refused to implement the policies stipulated by the higher authorities in explicit terms for fear that the enterprises will no longer obey their orders when they are transferred to the lower levels. Some even tried to reverse the trend and regain the power already delegated to enterprises. Although enterprises were transferred to the lower levels, the administrative organs there exercised stricter management and bound the enterprises much tighter.

Fourth, the frequent exchange visits between officials wasted public funds and brought about poor results. In order to strengthen lateral economic ties and to know and supplement each other, the necessary investigation tours are beyond reproach. The point is that the frequent exchange visits are made by the officials of the provincial, city, and prefectural organs who are not in charge of making policy decisions. Consequently, the visits are usually concluded with the signing of memoranda or letters of intent. Besides wasting public funds and valuable time and aggravating traffic problems, some comrades are completely exhausted by greeting and seeing off guests, which is disadvantageous to the improvement of our work style.

Fifth, the distribution of benefits of each side of the association must be clearly defined and the relevant economic laws, policies, and stipulations must be established and perfected. After the stipulations are made, there is still a lot of work to do to put them into effect. So long as they are reasonable and useful, the associations established in lateral economic ties by making use of the relations between township party organizations, between teachers and students, and between higher and lower levels should not be blamed. Actually, these associations are also unavoidable. The problem is when the responsible person leaves, the agreement is no longer effective. This gives rise to personnel problems and disputes in the cooperation, which merits attention. The disputes and problems arising from lateral economic ties are more or less related to distribution of benefits. It is a pressing matter of the moment to appropriately deal with the problems and disputes, correctly handle the relations of benefits between the state and relevant parties of the association, and ensure the lateral eocnomic ties in rules and regulations, protect them in law, and support them in policies.

SHAANXI'S ECONOMY CONSTRUCTION MAINTAINS MOMENTUM

HK120514 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 10 Jul 86

[Excerpts] Our province's economic construction maintained relatively good momentum in the first half of this year.

The output of summer grain crops is estimated to top 4.75 billion kilograms, an increase of over 150 kilograms over last year; the output of rape is expected to reach 185 million kilograms, increasing by 20 million kilograms or 12.4 percent over last year. [passage omitted]

The province's total industrial output value in the first half of this year amounted to 8.75 billion yuan, fulfilling 48 percent of the annual plan and showing an increase of 3.3 percent over the corresponding period of last year. The main features of the province's industrial production are as follows: the output value rose month after month, in June it topped 1.7 billion yuan, recording an all-time high of the month. Industrial production of local enterprises developed with great momentum and its output value reached 6.37 billion yuan, an increase of 5.8 percent over the corresponding period of last year; the growth rate was higher than the national average growth rate between January and May. Supply of readily marketable commodities, energy and raw materials increased by a big margin. Compared with the corresponding period of last year, the output of television sets, recorders, wrist watches and washing machines all increased substantially. The growth rate of electricity and crude oil was 9 percent and 8 percent respectively; both cement and [word indistinct], by over 8 percent. Town industries developed rapidly and their output value amounted to 16.5 billion yuan, representing a rise of 30 percent over the corresponding period of last year.

The province's revenue and expenditure in the first half of the year balanced the budget in main. By the end of June, the province fulfilled 47.1 percent of the annual revenue budget and quarterly expenditure constituted 46.07 percent of the annual expenditure budget. The scale of investment in fixed assets in state enterprises was under control and the investment focused on energy, transport and the projects of exploiting natural resources south and north of Shaanxi Province.

There was an ample supply of commodities in urban and rural areas and the market was also lively. Total volume of retail sales reached 4.9 billion yuan, up by 13 percent over the corresponding period of last year. [passage omitted]

Foreign trade for exports developed considerably. By the end of June, total export volume exceeded 80 million yuan, fulfilling 64 percent of the annual plan, and registering more than 100 percent over the corresponding period of last year. [passage omitted]

The projects invested by foreign capital in our province develop smoothly and construction of some large-scale projects will start soon. At a symposium on economic and technological cooperation held recently by our province in Australia, 28 agreements were reached with a total sum of over U.S.$190 million.

In the first half of this year, lateral economic cooperation advanced quickly in our province. More than 1,400 contracts on economic and technological cooperation were concluded, absorbing a total of 140 million yuan investment funds.

SHAANXI RADIO COMMENTS ON AGRICULTURAL PROBLEMS

HK170359 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 16 Jul 86

[Station commentary: "Get a Good Grasp on Building Grain Base Counties and Ensure Sustained and Steady Increase in Grain Output"]

[Excerpts] Shaanxi scored notable success in grain production during the Sixth 5-Year Plan. Since 1983, we have discarded our label as an eater of grain shipped in from elsewhere. Balanced purchase and sales have been achieved in the province for 3 successive years.

However, there are still great discrepancies between the province's grain output and commodity rate and the figures for the whole country. Grain yield is 73 kilograms per mu below the national average, while the amount of grain available per person is 55 kilograms below the natonal average. [passage omitted]

At present there are many problems in agricultural production. For instance, the area of farmland is declining every year, water conservancy installations are in disrepair, agricultural input has fallen, soil fertility has deteriorated, fine-strain seed has degenerated, and there are serious plant diseases and insect pests. There is insufficient reserve strength for agricultural development.

To promote sustained and steady development of the province's grain production, the provincial CPC Committee and government have taken the strategic decision to step up the building of grain base counties. The leaders at all levels must fully understand the farreaching significance of this decision. [passage omitted]

XINJIANG LEADERS MEET MINORITY REPRESENTATIVES

HK160908 Urumqi Xinjiang Regional Service in Mandarin 0000 GMT 16 Jul 86

[Excerpts] Yesterday afternoon, regional party and government leaders Wang Enmao, Song Hanliang, Tomur Dawamat, Janabil, Li Shoushan, Amudun Niyaz, and Zhagn Xixue met at the (Kunlun) Guesthouse with Xinjiang representatives of the national minority-nationality study and visit group who have just returned to Urumqi from the interior.

In June, 32 representatives from 12 nationalities in the region joined the national minority-nationality study and visit group organized by the State Nationalities Affairs Commission. Most of them were responsible comrades in charge of economic work in various areas. [passage omitted]

The representatives reported to Wang Enmao, Song Hanliang, Tomur Dawamat, and other leading comrades what they studied and visited while in the national minority-nationality study and visit group. Wang Enmao, Song Hanliang, and Tomur Dawamat delivered speeches, expressing the hope that after returning to their own units, the representatives would properly relay and propagate the excellent situation throughout the country, convey the concern of central leading comrades for people of various nationalities in Xinjiang, strengthen nationality unity in all localities and units in connection with local conditions, uphold the principle of opening up to the outside world and enlivening the domestic economy, and speed up the region's economic construction and economic reform.

TAIWAN-U.S. TRADE NEGOTIATIONS CONCLUDE

Taiwan Should Lower Tariffs, Diversify

OW192054 Taipei Domestic Service in Mandarin 2300 GMT 18 Jul 86

[Station commentary: "The Sino-American Textile Agreement and Future Prospects of International Trade"]

[Excerpts] The ROC [Republic of China]-U.S. textile talks have ended. Contrary to people's expectations that the ROC would follow the lines of the U.S.-Hong Kong accord with regard to growth rates for textile exports to the United States, the outcome of the talks shows that we are being treated differently. [passage omitted] The textile sector at home is highly critical of this outcome. Nevertheless, negotiator Hasao Wan-chang, director general of the Board of Foreign Trade, should not be blamed but should be credited for his tenacity and flexibility in negotiations. We must not nitpick the ROC negotiator in view of the nagging obstacles hindering textile exports to the United States. [passage omitted]

During the trade talks, the U.S. side roundly criticized the ROC's unfair trade practices. The Americans accused the ROC of imposing high tariffs, currently running at 67.5 percent, on U.S. textile imports to this country. We are accused of lacking good faith in opening our markets on account of the high tariffs. Our position is untenable, because our tariffs are undeniably high. What perplexed us is that the domestic textile sector has not demanded high tariff protection. Rather, they have lodged complaints with the government for tarnishing the ROC's trading image with high tariffs that have added difficulties to exports. The ROC representative to the United States, Chien Fu, commented after the textile talks: Should we fail to liberalize and internationalize our economy and trade, problems similar to our textile exports to the United States will continue to arise. The departments concerned should take heed of his poignant remarks.

The United States has a huge market not only for textile products, but also for shoes, hats, steel, machinery, furniture, and handicrafts produced in the Republic of China. ROC exports will be greatly curbed should the United States take similar measures on imports of various other commodities. Hence, ROC exporters must be encouraged, guided and prodded to actively develop new trading partners and diversify their exports markets rather than putting all eggs in one basket in the United States. The domestic manufacturers must further improve product quality and raise the value of products in order to better adapt to changes in international trade. They must take more initiative to score still greater achievements.

Tariffs on 32 U.S. Products to Decrease

OW190529 Taipei CNA in English 0240 GMT 19 Jul 86

[Text] Taipei, July 18 (CNA) -- The Republic of China [ROC] has agreed in principle to accept the U.S. Government's request to reduce import tariffs on 32 categories of American products, such as medical and examination equipment.

. . .

U.S. Trade representatives, after ending their talks with this nation on the ROC's importing of American cigarettes and alcoholic beverages, found that the nation's tariffs on some 30 categories of American products are still too high, and therefore, they have recently suggested that the ROC Government reduce its tariffs on these products.

Hsu Kuo-an, director of the Industrial Development Bureau [IDB], convened a meeting Friday to discuss the U.S. proposal item by item. After fervent discussions, participants in the meeting agreed to suggest the Finance Ministry reduce tariffs on these products.

IDB Deputy Director Wu Hui-jan said after the meeting that the 32 products include medical and examination equipment, paper, and electric radiators. Wu said he believes that the tariff cuts on these products will not harm domestic industries.

Wu noted that the government did not accept all U.S. requests for tariff cuts. The 32 categories do not include textile products, apparel, farm produce, video tape recorders, cigarettes or alcoholic beverages, he said.

TAIWAN TO BUY MORE GRAINS FROM SOUTH AFRICA

OW181451 Taipei CNA in English 1430 GMT 18 Jul 86

[Text] Taipei, July 18 (CNA) -- Minister of Economic Affairs Lee Tahai said Friday that to boost economic and trade cooperation, the Republic of China [ROC] will buy grains in quantity from the Republic of South Africa [RSA] over the next three years.

Lee made the remarks while addressing the first joint meeting of the ROC-RSA economic relations council and the RSA-ROC economic relations council, which opened Friday in Taipei.

He said the two governments have strived to expand economic and trade cooperation, adding however, progress has slowed down over the past years.

To accelerate economic and trade relations, he said, the ROC will sign a three-year agreement with South Africa for the purchase of 200,000 metric tons of grains during the period. Moreover, the Taiwan Power Company will continue to import coals from that country, he said.

As private ROC companies have high interest in South African jewels, Lee said the government will help them to enter joint ventures with the South African jewel mining industry.

KMT THREATENS TO OUTLAW OPPOSITION PARTY

HK190609 Hong Kong AFP in English 0531 GMT 19 Jul 86

[Text] Taipei, July 19 (AFP) -- The ruling Kuomintang (KMT) has warned a major opposition group that it would soon be outlawed if it failed to abide by rules governing the opening of branch offices, a newspaper said Saturday.

The mass-circulation UNITED DAILY NEWS said top KMT officials decided in a meeting Friday that the ruling party would soon declare the Tangwai Research Association for Public Policies (TRAPP) an illegal organization and authorize government agencies to crack down on its activities.

However, the report said, KMT leaders had agreed that to maintain social harmony the crackdown would not be launched immediately, but would go ahead pending "a change in the situation and the right timing."

The KMT has accused TRAPP of breaking an agreement it says was reached in May by refusing both to register the group with the interior ministry and to drop the word "tangwai" -- meaning "outside of the (KMT) party" -- from its name.

TRAPP members argued they had never agreed to the two points since being granted permission to open branch offices in the first formal meeting between the two sides May 10.

Since then TRAPP has opened 10 branch offices. The group was organized two years ago by 53 opposition members in the National Assembly, the legislative Yuan (parliament) and the control Yuan, Taiwan's highest watchdog body.

The KMT's decision to allow the opposition group to open offices was described at the time as a milestone in Taiwan's political development and a major breakthough in the face of a 40-year ban on the formation of new political parties.

The newspaper report said the KMT was always ready to continue a sincere exchange of views with TRAPP leaders and had urged the Tangwai members to resume a third meeting with the ruling party they postponed indefinitely last month.

A high-ranking KMT official had warned earlier this week that the lack of sincerity shown by some TRAPP leaders might lead to confrontation.

The official was quoted by the INDEPENDENCE EVENING POST as saying that the KMT had "made enough concessions" in allowing TRAPP to open branch offices.

But instead of offering to compromise, TRAPP had come up with the so-called "democracy timetable" which proposed that the KMT meet for talks with the Chinese Communists in 1991, he said.

"This is absolutely not acceptable to the KMT," the official added.

TRAPP members have called on the KMT to follow a timetable which would involve the abolition of martial law, in force since 1949, the creation of new political parties, elections to rejuvenate the congress , a presidential election and peace talks with Beijing in 1991.

TAIWANESE FIGHTER PLAN DISSIMILAR TO F-16

OW191643 Taipei CNA in English 1448 GMT 19 Jul 86

[Text] Taipei, July 19 (CNA) -- The new fighter plane being developed in the Republic of China is designed to meet the country's defense needs and is incomparable with the U.S. - made multifunctional F-16 jet fighter, Gen. Chang Hui-Yuan, spokesman for the Ministry of National Defense, said Saturday.

Chang made the remarks while commenting on reports that the ROC [Republic of China] developed fighter will be comparable in performance to the U.S.-made F-16.

The spokesman said that the two jet fighters differ in many aspects and can not be compared with one another.

DISCORD CAUSES JOURNAL TO INTERRUPT PUBLICATION

HK141544 Hong Kong CHING PAO in Chinese No 103, 10 Jul 86 pp 32-34

[Article by Yen Che: "The Contention for ELDERLY CHINESE -- A Piece of Odd News Under the 'Relaxed Atmosphere'"]

[Excerpts] On the inner spine of the 14 March issue of the Beijing-based CANKAO XIAOXI, circulating nationwide with an amazing volume, is a notice to the readers of ELDERLY CHINESE which reads: "The journal ELDERLY CHINESE must regretfully delay its publication because of grave intervention. Ji Xichen, its chief editor, and Zheng Xinyong, deputy chief director, are trying to change the situation, working hard to realize the normal publication of the journal; here we express our apology to the readers."

This notice is really shocking to the public in that it appears at a time when Mainland China has brought order out of chaos and swept clean the noxious atmosphere of the "Cultural Revolution" and a "relaxed and harmonious" environment is to be created in a big way; how could ELDERLY CHINESE, a monthly first initiated in October 1983, with a circulation of 400,000, "delay its publication because of grave intervention"? And what kind of a situation are the two chief editors of the journal "trying to change"? These questions have roused the curiosity of the author, who started making inquiries about it, and found that this journal, quite popular among Mainland China's elderly readers (mostly old intellectuals and retired cadres) has gone through a "farce" quite similar to the atmosphere of the "Cultural Revolution." It can be summed up briefly: Some bureaucrats have joined forces with the onetime rebels and "forced the editorial department to relinquish its functions," which has caused unrest in the editorial department headed by Ji and Zheng, and the struggle is still going on.

The author believes that the contention over ELDERLY CHINESE has its typical social significance, and would like to brief the readers on the origin and development of the incident.

A Long and Tortuous Road; Great Trouble Ahead

New magazines and newspapers have mushroomed in great variety in the mainland in recent years. However, there was no journal suitable for elderly readers before the year 1983. Zheng Xinyong, a veteran Shanghai journalist and founder of the journal MINGZHU YU FAZHI [DEMOCRACY AND THE LEGAL SYSTEM] went to Beijing in search of a partner to run such a magazine, and eventually initiated ELDERLY CHINESE in cooperation with Ji Xichen, a veteran reporter of RENMIN RIBAO. Because elderly readers had longed for a journal devoted to them, ELDERLY CHINESE became very popular, with many people vying for subscriptions. Particularly when Zheng Xinyong managed to get the inscription "Elderly Chinese" of Deng Xiaoping for its logo, and a story of General Secretary Hu Yaobang and his teacher was carried in its initial issue, its circulation volume grew tremendously. However, the law that "a good thing can change into a bad thing, and vice versa" has always been very difficult to grasp in the hinterland. The popularity of ELDERLY CHINESE and its good market have brought about unexpected trouble to and an attack on its founders. [passage omitted]

Working Their Hearts Out With Tears; Maneuvering Among Various Political Groupings

Friends overseas may not have a good idea of the conventional system or "old habit" of running a newspaper or journal in Mainland China. The publication of any newspaper or journal should be registered at the publication department through a "responsible unit" before it is approved for publication. And this "responsible unit" may be compared to an old-fashioned "mother-in-law." The ELDERLY CHINESE founded by Ji and Zheng managed to be linked with the "National Committee for Old Age Problems of China." It is by no means a large organ, rather, it is "social organization" in name only, with but five or six workers. It is a provincial organ established to accept the invitation of an international conference for old age problems to be held in Vienna. The organ had neither the desire nor the skill to run a journal 3 years ago. Ji and Zheng were, at that time, looking for a responsible organ for their planned journal, and the "National Committee for Old Age Problems" regarded it as a windfall and promptly agreed to the proposal. Thus, the committee in question became the "responsible unit" for ELDERLY CHINESE without making any effort.

Linking oneself with a "responsible unit" means coming under its authority, and it is the rule that one should obey the orders of the "responsible unit," which would in turn send its people to control financial and personnel questions. However, those people in the "National Committee for Old Age Problems" are ignorant and incompetent, know nothing about running a journal nor are they interested in it, and the focus in their eyes is, "money" -- the financial income of the journal. When the journal was initiated, some large unit donated 200,000 yuan to it, which the officials of the "National Committee for Old Age Problems" grasped firmly in their hands. They have not the least understanding of the intellectuals' aim for running such a magazine, and turned the funds of the journal into the capital of a corporation existing in portfolio only which they organized. They would not even pay the indispensable editing and contribution fees. It's pitiable that Ji and Zheng have worked their hearts out running this journal for the elderly with increasing returns from the market, and the profits were not used in running the journal, but consumed in a car business, when the editors and reporters could not help complaining (later, an official circular was issued on the case of that corporation existing in portfolio only; it was dealt with according to the law for its illegal operation and tax evasion, and had a fine imposed on it of more than 100,000 yuan, while its responsible person was apprehended).

It is said that some officials of the "National Committee for Old Age Problems" regarded ELDERLY CHINESE not only as a source of ready money, but also as a stepping-stone for promotion. When they saw the initial success of ELDERLY CHINESE and its influence among the CPC top echelon, and articles and inscriptions by "leading members of the party and state," their ambition welled up, and they wanted to change the social organization into a governmental organ through the channel of the journal. To accomplish this, the chieftains of the "National Committee for Old Age Problems" would naturally drive the two chief editors of ELDERLY CHINESE to render service for them, but this demand was resisted by the two righteous men of letters. [paragraph continues]

As revenge, those officials were determined to remove Ji and Zheng from the editorial department and to appoint others who would act on their command. It was not by coincidence that the person selected by the "National Committee for Old Age Problems" in their plan for reshuffling was a onetime chieftain of the rebels, who had criticized and denounced veteran cadres and acted as a most aggressive henceman in the campaign of "repudiating Deng Xiaoping." He is said to be one of the "people of the three categories" who has managed to escape unpunished and has longed to change his feature. When he got the order of the "National Committee for Old Age Problems" to reorganize the editorial department of ELDERLY CHINESE, he was in his element, with might redoubled, and went to the editorial department with the "document" (author's note: It is said that the editorial department and the administrative organ under the director have long been separated, not working in the same office,) in an attempt to take over by force, and a fight almost broke out. Fortunately enough, the ways of the Red Guards and the arbitrary actions of the rebels are no longer acceptable today. Ji and Zheng argued strongly on just grounds, and justice was sought in Zhongnanhai under fierce contention.

Yang Xianzhen Righteously Writes a Letter; Deng Liqun Makes Some "Sensible" Remark

Under the helpless situation of their existence being threatened and the journal drastically dealt with, Ji, Zheng, and their colleagues of the editorial department issued their appeal on "Saving ELDERLY CHINESE" hoping that "god" would be moved and the cause would be handled fairly, in order that the expectations of the readers would not be disappointed. Eventually, their action moved an old CPC theoretical worker, Yang Xianzhen, who had been labeled "revisionist" (for his famous theory of "combining two into one"). This former director of the CPC Central Party School promptly wrote a letter to General Secretary Hu Yaobang, to expose that some people had entrusted a onetime chieftain of the rebels to take over the editorial department of ELDERLY CHINESE, an absurd and rough action, and he believed that this act of seizing power must be promptly checked in order to ensure the normal work of the journal. At the same time, Deng Xiqun, who was at that time still responsible for ideological work, also read about the report concerning the incident. Considering it nonsensical, he wrote a remark on it, saying: "ELDERLY CHINESE combined with the "National Committee for Old Age Problems" on a voluntary basis in the past, and they will separate from each other on a voluntary basis from now on. For the normal publication and circulation of the journal, ELDERLY CHINESE should be left in the charge of the original chief editors." Deng Liqun's instruction on this incident was "sensible" and his view was objective, aiming at the incident itself with nobody involved, and his attitude was clear-cut, tending to be reformative. This secretary did not know Ji and Zheng in person, and he was considering the matter as it stood. His instruction should have been carried out. However, nobody expected that Deng Liqun's instruction could have a negative effect. Some of the officials of the "National Committee for Old Age Problems" and the onetime chieftain of the rebels seized the opportunity to spread rumors in a big way, exaggerating things and raising the matter to the higher plane of principle. They have deliberately created contradictions in the top echelon by mixing the two veteran newspapermen with Deng Liqun, who was never been so popular among the people, to the effect that the matter is made more complicated.

It is still rather difficult to forecast how General Secretary Hu Yaobang will deal with this matter. Although the revered Hu has a thousand and one things to attend to, and many important affairs of the party and state to take care of, he would not leave a letter from Yang Xianzhen unanswered, the latter being in his nineties and a revolutionary of the older generation. The letter must have been intercepted on its way, and never reached Hu; and someone had sent the letter, through another channel, to the superior of an upper level of the "National Committee for Old Age Problems," by taking advantage of the power in his hands, and a department at the central level in part of labor and personnel has been in charge of this conflict. In the end, the responsible person of the department adopted an oversimplified way of meting out punishment to both parties, with the decision that both Ji, Zheng, and the "important personality taking over," the editorial department be removed from office. In order to ensure the normal publication of ELDERLY CHINESE, a certain Li, who is the responsible person of a minor organ weekly LAODONG RENSHI BAO [LABOR AND PERSONNEL], was appointed to the job.

At present, publication of ELDERLY CHINESE has already resumed under the leadership of Comrade Li, with the 1986 nos. 1 and 2 issues available to the public. But the contents are all articles carried in the same journal in 1985, when Ji and Zheng were editors. One really does not know whether to laugh or cry about it.

Looking at the unfinished contention for ELDERLY CHINESE we may have a picture of how difficult it is for men of letters in Mainland China to initiate an undertaking, as well as the profound contradictions between reform and the conservative forces and the old system.

Anyway, it is normal for "the original people to run the journal ELDERLY CHINESE," but who knows how such a great conflict can be brought about. This may serve as a piece of odd news under the relaxed and harmonious atmosphere emerging in Mainland China.

[dated] Completed on 17 June 1986, during a brief stay in Beijing

TA KUNG PAO EXAMINES DENG'S POLITICAL REFORMS

HK170203 Hong Kong TA KUNG PAO in Chinese 16 Jul 86 p 2

["Special Dispatch" from Beijing on 15 July by staff reporter Hou Tung-hai: "Deng Xiaoping and   of the Political Structure"]

[Text] A Party School Symposium Discusses a Reform of the Political Structure

At a meeting with Korean Vice President Yi Chong-ok on 14 July, Deng Xiaoping said: The urban economic reform which China will finish in the next 5 years is in fact an overall reform of the economic structure, including some reforms of the political structure. This is the first occasion in recent times that Deng Xiaoping has mentioned China's political reform in public. This, plus the theoretical symposium on political structure held from 10 to 12 July by the Senior Party School of the CPC Central Committee, which is responsible for training senior Chinese party and government cadres, and the trends in theoretical circles in this field, has clearly shown that while unswervingly pushing forward with economic reform, China is promoting relevant political and cultural reforms.

The symposium, which was sponsored by the Senior Party School of the CPC Central Committee, touched upon the most sensitive and the most crucial issue in the current reform of the political structure, namely the relationship between the party and the government. The participants discussed various problems, such as the function of the party at the present stage, how to straighten out the relationship between the party and the government in practical life, and how to change the party's organization. The symposium was reportedly held according to Deng Xiaoping's instructions. He is the initiator of China's political reform. Deng Xiaoping regards the straightening out of the party-government relationship as a breakthrough point in the reform, beginning with the CPC Central Committee. For the moment we shall call this the "reform of the party." The 13th CPC National Congress will be in autumn next year, which is about 1 year away. By that time, people will probably be able to see the major breakthroughs made in the "reform of the party."

In fact, as far back as August 1980, Deng Xiaoping made a systematic and brilliant exposition on the question of reforming the superstructure in his speech at the enlarged meeting of the Political Bureau of the CPC Central Committee, entitled "On the Reform of the System of Party and State Leadership." This speech is undoubtedly a programmatic document for the reform of China's political structure today. Since it may help people understand and foresee the profound significance of this reform, I may as well quote some paragraphs as follows:

Deng Xiaoping's Exposition of 6 Years Ago

Deng Xiaoping pointed out: "As far as the leadership and cadre systems of our party and state are concerned, the major problems are bureaucracy, over-concentration of power, patriarchal methods, life tensure in leading posts, and privileges of various kinds.

"Bureaucracy remains a major and widespread problem in the political life of our party and state. Its harmful manifestations include the following: Standing high above the masses; abusing power; divorcing oneself from reality and the masses; spending a lot of time and effort putting up an impressive front; indulging in empty talk; sticking to a rigid way of thinking; being hidebound by convention; overstaffing administrative organs; being dilatory, inefficient, and irresponsible; failing to keep to one's word; circulating documents endlessly without solving problems; shifting responsibility to others; and even assuming the airs of a mandarin, reprimanding other people at every turn, vindictively attacking others, suppressing democracy, deceiving superiors and subordinates, being arbitrary and despotic, practicing favoritism, offering bribes, participating in corrupt practices in violation of the law, and so on. Such things have reached intolerable dimensions both in our domestic affairs and in our contacts with other countries.

"Bureaucracy is closely connected with our highly centralized management in the economic, political, cultural, and social fields, which we have long regarded as essential for the socialist system and for planning. Our leading organs at various levels have taken charge of many matters which they should not have done and cannot handle, or cannot handle efficiently. These matters could have been easily handled by the enterprises, institutions, and communities at the grass-roots level, provided we had proper rules and regulations and they acted according to the principles of democratic centralism. [paragraph continues]

"Difficulties have arisen from the custom of referring all these things to the leading organs and central departments of the party and government: No one is so versatile that he can take on any number of complex and unfamiliar jobs. This can be said to be the main causes of the bureaucracy peculiar to us today."

The Causes of Bureaucracy

"Another cause of our bureaucracy is that for a long time we have no strict administrative rules and regulations and no system of personal responsibility from top to bottom in the leading bodies of our party and government organizations and of our enterprises and institutions. We also lack strict and explicit terms of reference for each organization and post. Thus, there are no rules to go by and most people are often unable to handle matters independently and responsibly, big or small, which they should handle. They can only keep busy all day long making reports to higher levels, seeking instructions from them, writing comments on documents and passing them around." "They are always ducking responsibility, jockeying for power and wrangling with others, thinking only of their own units' interests. What is more, we have no regular methods for recruiting, rewarding, and punishing cadres, or for their retirement, resignation, or removal. Whether they do their work well or poorly, they have 'iron rice bowls.' They can be employed but not dismissed; promoted but not demoted. These things inevitably result in overstaffing and in too many administrative levels and deputy and nominal posts, all of which, in turn, foster the proliferation of bureaucracy. Hence the necessity for radical reform of these systems.

"Over-concentration of all power in party committees in the name of strengthening centralized party leadership. Moreover, the power of the party committees themselves is often in the hands of a few secretaries, especially the first secretaries, who direct and decide everything. Thus 'centralized party leadership' often turns into leadership by individuals. This problem exists, in varying degrees, in leading bodies at all levels throughout the country. Over-concentration of power in the hands of an individual or of a few people means that most functionaries have no decision-making power at all, while the few who do are overburdened. This inevitably leads to bureaucratism and various mistakes, and it inevitably impairs the democratic life, collective leadership, democratic centralism, and division of labor with individual responsibility in the party and government organizations at all levels. This phenomenon is connected to the influence of feudal autocracy in China's own history and also to the tradition of a high degree of concentration of power in the hands of individual leaders of the communist parties of various countries at the time of the Communist International."

The Reform Will Be Further Deepened

After analyzing patriarchal methods, life tenure in leading posts, and privileges, Deng Xiaoping pointed out: "It is true that the errors we made in the past were partly attributable to the way of thinking and style of work of some leaders. But they were even more attributable to the problems in our organizational and working systems. If these systems are sound, they can place restraints on the actions of bad people; if they are unsound, they may hamper the efforts of good people or indeed, in certain cases, may push them in the wrong direction. Even so great a man as Mao Zedong was influenced to a serious degree by certain unsound systems and institutions, which resulted in grave misfortunes for the party, the state, and himself.

In his speech Deng Xiaoping also touched on the question of eliminating the influence of feudalism and of bourgeois thinking. He pointed out: "All the defects I have just described bear the stamp of feudalism to one degree or another." "Now, it is essential to state clearly that we must continue to labor at this task, and that we must carry out a series of effective reforms in our institutions. Otherwise, our country and people will suffer further losses."

Six years have passed since Deng Xiaoping delivered his speech. However, the problems still exist and they are more incompatible with the economic development following the all-round reform of the economic structure. The situation whereby the political and cultural reforms lag behind the economic reform not only affects the intensive restructuring of the economy, but also makes it possible for us to backtrack if something should go wrong. The loss of control in some aspects of macroeconomic management in the second half of 1984 and the practice of quietly taking back the decision-making power that had just been delegated to enterprises in many localities and departments in the course of carrying out a retrenchment policy in 1985, and the dismissals of many reformers -- all these show that the ultimate success or failure of all reforms depends on the reform of the political structure and that without the modernization of politics and culture, modernization of the economy would be unimaginable.

The prologue of the political structural reform has been drawn back to enable the reform, which Deng Xiaoping called the second Chinese revolution, to be carried out more intensively.

POLITICAL REFORM TALK RISES FROM ECONOMIC REFORM

HK170946 Hong Kong TA KUNG PAO in English 17-23 Jul 86 p 2

["The Past Week" column]

[Text] Reform of China's Political System

So far the most explicit public statement from the Chinese leadership on the sensitive question of political reform in China, the remarks by Chinese Premier Zhao Ziyang on the subject made during an interview with the Yugoslav journal NEDELJNE INFORMATION NOVINE (NEWS WEEKLY) has given a new dimension to the ongoing economic restructuring.

Zhao said in effect that the role of the Chinese Government was bound to undergo farreaching changes as a result of the economic reform. These changes, which will come step by step, will affect the present system of government institutions as well as the cadre (personnel) system.

But it was the last sentence of the whole interview, published in a long report by XINHUA, that carried the greatest import:

'Without reform, it will be impossible for these fields to meet the requirements of the economic restructuring.'

From a whisper, the recent outburst of open discussions on political reform has been described by the eminent sociologist Fei Xiaotong as 'inevitable'. The lively discussions are seen as a result of 'the impact of the encouraging rise in the country's productive forces on the relations of production and our understanding of those relations'. 'It is also an impact on our ideologies,' Fei said.

Although still largely confined to academic circles, there is no doubt that the zealous probes into the deficiencies of China's long-standing political setup signalled the breaking of new ground hitherto held to be sacrosanct.

The recent wave of political awakening came in the wake of extensive and live discussions which unfolded in May to mark the 30th anniversary of the 'double-hundred policy'. Tantamount to freedom in artistic creation and academic research in Chinese political parlance, it was reaffirmed that the reason for the policies of 'letting a hundred flowers to bloom' and 'letting a hundred schools of thought contend' to have existed only in name over an extended period was not through any fault of their own. The two good policies were simply taken to be 'poisonous weeds' by a sudden quirk of history.

Mao Zedong, in whose name the double-hundred policy was launched, was quoted as having said later that 'the hundred schools of thought in fact consisted only of two schools'.

The question was raised in the recent commemorative articles that the 'hundred schools' and 'hundred flowers' must be allowed to take up political issues. 'Otherwise,' as one writer said, 'We would still be left with a single flower in the garden meant for a hundred.'

Director Yan Jiaqi

Not surprisingly, the recent probes into the country's political system were made by researchers attached to the vigorous Chinese Academy of Social Sciences.

About two months ago, the man at the head of its research institute of literature, Liu Zaifu, brought a fusillade from an article published in the theoretical journal RED FLAG for his set of new ideas, one of which objects to the practice of putting literary works under political scrutiny.

This time, it was the director of the academy's research institute of political science, Yan Jiaqi, who sounded a loud note of unorthodoxy.

As Liu sees it, over-concentration of power is the main problem with China's political system. The answers are, first, a high degree of socialist democracy and, second, the establishment of a scientific system for making major political decisions.

He sees four ways in which the over concentration of power could be diffused.

Under the heading of what he calls 'the horizontal division of power', Liu believes that a clear division of work between the Party and the government is still a problem that needs to be solved not only on a theoretical plane but also in practice. This question naturally involves the relationships between the administrative, legislative and judicial organs of the state.

The second way, which Liu calls 'vertical power sharing', is designed to prevent high authorities from making decisions in lieu of their subordinates. Persons in leading positions have the right to veto decisions, but it should not be presumed that they have the right to override all decisions, Liu writes.

The third concerns human rights. In the Cultural Revolution, Liu states bluntly, the Chinese people did not have the right to choose their hair styles, not to mention privacy. 'They were deprived of the right to be happy and to think; they were even deprived of the right to be sad.'

Four, more direct or indirect participation of the people in the making of major policy decisions. This question concerns the institution of the National People's Congress, Liu says, or more precisely, the nomination and the election of NPC deputies, and their qualifications. While a sound legal system is indispensible to democracy, it would be wrong to equate the two concepts. A democracy must have mass particiapation, he insists.

It is clear from Premier Zhao's statement that the old political machine in China has clashed with the inexorable economic reform. Equally clear is the utter helplessness of many traditional methods in face of tangles and confusions resulting from the country's dramatic metamorphose from a rigid, highly centralized socioeconomic system to planned economy based on commodity production.

Whether the theories of Yan Jiayan will meet official approval is beside the point. The point is such seemingly sensitive views are published, and the fact that brilliant minds in China are aware that the old political machine definitely needs a good overhaul lest it impede the all-important economic reform.

It was China's new minister of culture, Wang Meng, who, in his 'inaugural speech' last week counselled against 'an aggressive attitued towards those who hold differing views.' This is not helpful to development, creativity, and a harmonious environment, he said. Advising officials in the cultural field to refrain from passing 'conclusive verdicts' on any work of art, Wang observed with candour that this was because time has proved that such verdicts often 'failed to pass the test of history.'

The remark may not apply to theories relating to the political system. But the spirit of keeping the contention of differing thoughts alive certainly does.

PRC APPROVES RELEASE OF DAYA BAY PLANT STUDY

HK200320 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 20 Jul 86 p 1

[By Ann Quon]

[Text] China has given the Hong Kong Nuclear Investment Company the go ahead to release the feasibility study on the controversial Daya Bay nuclear power plant.

The study has been the subject of intense lobbying by legislative councillors who have made numerous requests for its release following increasing local opposition to the plant.

In what is seen as a move to allay public suspicion over secrecy surrounding the project and its safety, it is understood that a decision has been made to make the study available to councillors.

However, there is no indication yet whether the study will also be made public after being given to Umelco members.

And, in a related development, China repeated yesterday it had signed a letter of intent with France to conduct a joint safety appraisal of Daya Bay.

The decision to release the feasibility study follows a request to disclose its contents from the financial Secretary, Mr Piers Jacobs.

As the top government official most closely involved in Daya Bay, he is behind a government campaign to make as much information available to the public and legislative councillors as possible.

This is to curb mounting opposition to the plant from turning into full-scale disapproval of the project, which is set for completion in 1992.

It is understood that the request by Mr Jacobs has been approved by Beijing through the Guangdong Nuclear Power Joint Venture Company.

An announcement on when the top-secret study is to be released will be made by Mr Jacobs within the next two weeks to the Legislative Council.

It is understood that only those parts of the study dealing with site selection, equipment study and system designs are to be handed over to councillors. What they will not get to see is sensitive commercial information considered "share sensitive".

This latest development follows behind-the-scenes lobbying by the Government to seek the release of the Document.

The document was commissioned by the joint venture company, owned 75 per cent by the Guangdong Nuclear Investment Company and 25 per cent by the Hong Kong Nuclear Investment Company, a subsidary of Hong Kong's largest power utility, China Light and Power.

The Government request was made to the chairman of the Hong Kong Nuclear Investment Company, Mr William Stones. It is understood that Mr Stones received approval for the feasibility study's release late last week and that it will be made available so soon as arrangements can be made with the appropriate authorities.

Public pressure has been mounting in recent weeks because of concern over the safety of the plant which is to be built 50 km from Hong Kong.

The move represents a major about-turn for both the Government and the joint venture company. Both in the past have refused to release the study and placed the responsibility for doing so squarely on each other's door-step.

The study is also expected to reveal that several sites were considered before Daya Bay was finally chosen. It is understood that one under consideration was at Mirs Bay near Hong Kong.

However, the proposal was rejected by China Light and Power because of concern that the public would not accept a nuclear plant so close to the urban area. China Light and Power has committed itself to buying up to 70 per cent of the total output of Daya Bay. However, a flexibility clause allows it to buy much less.

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CHANCES FOR REAGAN-GORBACHEV SUMMIT ASSESSED

OW211214 Beijing BEIJING REVIEW in English 21 Jul 86 p 10

[Article by Zhang Yunwen: "Superpower Summit: Murky Future"]

[Text] Soviet Deputy Foreign Minister Vladimir Petrovsky told reporters on July 1 that his country had proposed a "preparatory mechanism" for a long delayed pre-summit meeting between the U.S. Secretary of State George Shultz and his Soviet counterpart, Eduard Shevardnadze. The United States responded with surprise, claiming it had long asked the Soviet Union to propose a date for foreign ministers' meeting but had so far got no answer.

A second summit meeting was agreed upon by U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev when they met in Geneva last November. Both sides agreed that a second summit meeting would be held when Gorbachev visits the United States this year. Reagan, in return, will visit the Soviet Union in 1987 for a third Soviet-U.S. summit.

But Reagan's invitation to Gorbachev for a visit to the United States in June has been given the cold shoulder by the Soviets because of the stalemate over the disarmament issue. In April, after the U.S. air attack on Libya, the Soviet Union cancelled a foreign ministers' meeting that was to have taken place in May.

In early June, Reagan sent a letter to Gorbachev, suggesting that the two foreign ministers meet in July, but in a letter from Gorbachev hand-delivered by the Soviet ambassador to Reagan not long ago, no date was mentioned for such a meeting. The White House has pushed for the foreign ministers' meeting in July in order to gain more time to prepare for the summit meeting between the two leaders. But the Soviet Union has stressed that the date and spot are not that crucial. The key, they say, is the summit's agenda. This means the Soviet Union is insisting that something substantive -- progress in disarmament talks -- must be the goal of the summit.

The importance of this summit meeting to Reagan's second term of office is evident. His two main pet issues have been tax reform and the reduction of nuclear arms and detente between the Soviet Union and the United States. On tax reform, he has been successful. But negotiations on nuclear disarmament are in deadlock. The compromise atmosphere created by the Geneva meeting last November has abated, and U.S. -Soviet relations have once again become strained, especially since Reagan recently declared the United States would no longer abide by the SALT II treaty.

Reagan, caught short by strong criticism of his move to end the SALT II treaty at home and abroad, was forced to speak positively of the new Soviet arms reduction proposal in a recent speech in Glassboro, New Jersey. Some U.S. political analysts maintain that if the summit meeting takes place this year, the Republicans will surely retain control of the Senate in their midterm elections in November. And if a third summit meeting were held, it would have a great impact on the 1988 presidential election, and Reagan's second term would make quite a mark in history.

But the Soviets are also making some concessions. In a turn-about, the Kremlin recently agreed that research work on Reagan's Strategic Defense Initiative could proceed in laboratory as long as both the United States and the Soviet Union continued to observe the antiballistic missile treaty (ABM) for another 15 years. This recent flexibility over the "Star Wars" programme by the Soviets is being seen as a significant step towards productive arms talks and a possible treaty.

SHULTZ, SHEVARDNADZE TO MEET IN LATE SEPTEMBER

OW190050 Beijing XINHUA in English 2351 GMT 18 Jul 86

[Text] Washington, July 18 (XINHUA) -- U.S. Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze will meet in New York in late Spetember to prepare the second summit meeting between Reagan and Gorbachev, according to a senior U.S. Government official quoted by press reports here today. The official said "there has been blips in the diplomatic channels" between Washington and Moscow about the foreign ministers' meeting and the choice had narrowed down to late September when Shevardnaze will come to New York to attend the U.N. General Assembly session. The meeting was originally scheduled for May 14-16 but was canceled by the Soviet Union after U.S. bombing of Libya in April.

Shevardnadze said in London on Wednesday that Moscow was "ready to have a summit" with the United States and was "working hard to prepare" for it. But he stated that dates for neither a meeting between he and Shultz nor a Reagan-Gorbachev summit can be set until Washington responds positively to the latest Soviet arms control proposals. The White House said recently that the Reagan administration was preparing a reply and that it would be sent to the Soviets at the end of this month. Meanwhile, the White House announced today that the two superpowers have agreed to meet in Geneva around July 25 to discuss "issues related to nuclear testing."

REAGAN DRAFTS RESPONSE TO SOVIET ARMS PROPOSAL

OW211818 Beijing XINHUA in English 1753 GMT 21 Jul 86

[Text] Washington, July 21 (XINHUA) -- U.S. President Ronald Reagan expressed its willingness to negotiate on all aspects of arms control raised by recent Soviet proposals but did not commit himself to limits on the "star wars" program, it was disclosed here today. The U.S. President expressed the willingness in the draft of a personal letter to Soviet leader Mikhail Gorbachev. The draft letter has been approved by himself. The letter would be a response both to a message from Gorbachev on June 23 and to the Soviet proposals put forward in the last round of the Geneva arms control talks. Press reports quoted government sources as saying that Reagan's draft letter deals with a wide range of issues, including a 50 percent reduction in strategic arms, a compromise on limiting medium-range nuclear missiles in Europe and various regional issues.

They disclosed that Reagan's preliminary decision entailed several specific counter-proposals to Moscow, including some "new ideas". But the sources added that Reagan does not respond directly to Soviet proposals to ban U.S. deployment of space-based defense weapons for 15 to 20 years and to negotiate on restricting SDI research to laboratory level. Moscow has made such limits a condition for its agreement to major reductions in offensive strategic nuclear forces. However, the sources argued, if Soviet reaction to the letter is favorable, it is likely that a U.S.-Soviet summit could be held in Washington before the end of this year. The Soviets have made it clear that they would agree to dates for a second summit as well as for a preparatory meeting between the foreign ministes of the two countries only after the United States responds positively to their recent arms control proposals. Meanwhile, it was reported that President Reagan has sent senior arms control adviser Paul Nitze to Europe to brief allied governments on the draft response. He has also assigned Edward Rowny, another arms control adviser, to Asia on a similar mission.

SOVIET POLITBURO FIRES OFFICIALS OVER CHERNOBYL

OW200624 Beijing XINHUA in English 0600 GMT 20 Jul 86

["Chernobyl Accident Blamed on Worker Errors: Top Officials Fired" -- XINHUA headline]

[Text] Moscow, July 19 (XINHUA) -- The ruling Politburo of the Soviet Communist Party today blamed the Chernobyl disaster on "gross breaches of regulations" by workers at the nuclear power station and said four prominent officials have been fired for their responsibility in causing the accident.

The official news agency TASS said the Politburo held a special meeting today to discuss the report of a government investigating commission set up to establish the causes of the April 26 accident, and raised the official death toll from the mishap to 28. "It was established that the accident had been caused by a series of gross breaches of the reactor operational regulations by workers of the atomic power station," the Politburo said in a statement distributed by TASS.

The statement said the managers and specialists at the station failed to provide proper supervision and adequate safety measures and authorized unprepared experiments in the turbine generator of the plant's fourth reactor when it was sidelined for repairs at night. The Politburo reprimanded the Ministry of Power Engineering and Electrification and the State Committee for Safety in the Atomic Power Industry for lack of control over the situation at the Chernobyl station and for their failure to take effective measures to prevent breaches of discipline and operational regulations at the plant. "Irresponsibility, negligence and indiscipline led to grave consequences. Altogether 28 people died as a result of the accident and the health of many other was impaired," the Politburo statement said. The previous official death toll stood at 26, all but two of whom died from radiation sickness. The statement said a total of 203 people had been found to be suffering from radiation sickness and 30 are still in hospital.

According to the statement, the crippled reactor had spewed radioactive contamination over an area of about 1,000 square kilometers and the accident caused direct losses equivalent to about two billion roubles (2.6 billion U.S. dollars). Agricultural and industrial production had to be stopped and power supplies to the national economy had been impaired, it added. More than 100,000 people have been evacuated from the contaminated areas surrounding the Chernobyl station, located 130 km north of Kiev in the Ukraine.

The statement said the four officials were sacked for serious errors and shortcomings in their work, which led to the accident. They were named as Yevgeny Kulov, chairman of the State Committee for Safety in the Atomic Power Industry; G.A. Shasharin, deputy minister of power and electrification; Alexander Meshkov, first deputy minister of medium machine building; and Ivan Yemelyanov, deputy director of a research and design institute.

TASS said the former director of the Chernobyl atomic power station, identified only as Bryukhanov, was expelled from the Communist Party. His dismissal had been reported earlier. The news agency also said that Power and Electrification Minister Anatoly Maiorets, who deserved to be sacked, received instead a stern reprimand from the Politburo "in view of his short tenure of office." Criminal proceedings have also been initiated by the procurator's office against "persons guilty of the accident," it said.

The Politburo has also instructed party organs to investigate others who might be responsible for the accident, the Politburo statement said, adding that "a National Ministry of Atomic Power Engineering has been formed to raise the standards of management and responsibility for the development of nuclear power engineering." TASS said the Politburo directed ministries and departments to urgently draw up and carry out additional safety measures for existing nuclear power plants. Employees at these stations will be retrained and their stricter compliance with operational regulations is now required. "The condition of the damaged reactor is under dependable control and causes no worry" and sophisticated engineering measures are being taken to "entomb the reactor," the TASS report concluded.

MOSCOW SETS UP NEW MINISTRY OF ATOMIC POWER

OW220102 Beijing XINHUA in English 2352 GMT 21 Jul 86

[Text] Moscow, July 21 (XINHUA) -- The Soviet Government today appointed a veteran nuclear power station manager to head a new Ministry of Atomic Energy, set up to supervise the nuclear energy industry after the Chernobyl disaster. Nikolay Lukonin, born in 1928, will hold the new job, the Soviet news agency TASS said. Lukonin served as director of the Leningrad nuclear power station from 1976 to 1983. Since 1983, he has headed a giant nuclear power station at Ignalina, in the Lithuanian Republic.

The creation of the new ministry was announced on Saturday after a special meeting of the Soviet Communist Party Politburo to discuss the report of a government investigating commission set up to determine the cause of the April nuclear accident. The report said the disaster has claimed 28 lives and cost the country two billion roubles (2.9 billion U.S. dollars) in direct damage alone. More than 100,000 people were evacuated from an 18-mile (30 km)contaminated zone around the Chernobyl station and the nation's power supply was disrupted.

The Politburo said that those deemed responsible for the disaster will be put on trial. Last week, the head of the Soviet State committee for Safety in the Atomic Power Industry, Yevgeniy Kulov, was removed from his post. He was one of the four officials fired because of the Chernobyl accident.

USSR TO RECONSIDER ATOMIC INDUSTRY POLICY

OW190428 Beijing XINHUA in English 0148 GMT 19 Jul 86

[Text] Moscow, July 18 (XINHUA) -- The accident at the Chernobyl nuclear power station last April has forced the Soviet Union to reconsider its atomic industry policy, a new weekly said. The latest issue of the weekly magazine NOVOYE VREMYA (NEW TIMES) quoted V. Legasov, first director of the Atomic Energy Institute in the Soviet Academy of Sciences, as saying that after the Chernobyl disaster the government has to review the concept of the country's atomic power industry, the distribution of atomic power stations and related technologies. Legasov told the magazine that the Chernobyl mishap was "a result of several unimaginable accidents," but he gave no details of such accidents. He said that the Soviet Union is making every effort to ensure that no such accidents will reoccur.

Meanwhile, Professor U. Sivintsev, director of the laboratory of the Institute, told the magazine that there are still strong radiations in the damaged no. 4 reactor at the Chernobyl station and that people cannot approach the reactor and nuclear fuels.

He said that the strong radiations damaged several robots which had been used in the decontamination work at the station. Workers are building reinforced concrete walls around the no. 4 reactor and the work is expected to end next autumn, the professor added. Earlier this week, the Soviet party newspaper PRAVDA reported that no. 1 and no. 2 reactors at the Chernobyl station will resume operation next October, while no. 3, the nearest to the damaged one, will be closed for some time.

MOSCOW TAKING WESTERN EUROPE MORE SERIOUSLY

OW181716 Beijing XINHUA in English 1504 GMT 18 Jul 86

["News Analysis: Moscow Wants Better Relations With Bonn (by Shen Yiming)" -- XINHUA headline]

[Text] Moscow, July 18 (XINHUA) -- Foreign Minister of Federal Germany Hans-Dietrich Genscher arrives in the Soviet capital Sunday for a three-day visit, when he is expected to discuss international issues and bilateral relations with Eduard Shevardnadze, the Soviet foreign minister. Genscher's visit, following French President Francois Mitterrand's trip to Moscow and Shevardnadze's London trip, has shown that Moscow is taking Western Europe more seriously. The Kremlin is trying to take advantage of differences between the United States and its allies on disarmament to bolster its position in dealing with Washington.

In the past few years, Moscow and Bonn have operated under strained relations. The Soviet Union sharply criticized the Federal German Government's decision to strengthen its military forces, to deploy U.S. Pershing-2 missiles and binary chemical weapons in its territory, and to allow Federal German companies to participate in the U.S. Strategic Defense Initiative ("star wars") program. Yet, the Kremlin found some positive factors, noting that Bonn intends to play a greater role in ensuring security and prosperity in Europe and has a desire to ease tense East-West relations. The Kremlin appreciates Bonn's stand that Europe should have its own say in improving East-West relations and should not leave the task only to the big powers.

Federal Germany's Chancellor Helmut Kohl recently stated his government would like to see a second summit between Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan and would promote any disarmament process. Undoubtedly, disarmament topics will be prominent during Genscher's visit to Moscow. The Soviets will try to persuade Bonn to take a more independent position toward Washington on the issue of the European security, while Federal Germany, as a NATO member, will support its allies in the alliance and defend its own interests. Observers wouldn't hazard a guess as to how Genscher will respond to Soviet disarmament proposals when he meets Shevardnadze and other Soviet leaders.

Economic relations also will be covered. Federal Germany has been the Soviet Union's largest trading partner in the West, with trade reaching 7.08 billion roubles (8.85 billion U.S. dollars) in 1985. The two countries have indicated they want to expand trade and economic cooperation, particularly in machine building, ferrous and non-ferrous metallurgies and daily necessity production.

The Soviet Union also wants broader scientific and technological cooperation with Federal Germany. A spokesman for the Soviet Foreign Ministry said that Genscher and Shevardnadze will sign a scientific-technological agreement, which will promote cooperation in agriculture, medicine, and peaceful use of nuclear energy.

TIAN JIYUN OPENS JAPAN FOOD TECHNOLOGY EXHIBIT

OW181214 Beijing XINHUA in English 0735 GMT 18 Jul 86

[Text] Beijing, July 18 (XINHUA) -- A Japanese food technology exposition, the largest of its kind ever held in new China, opened at the Beijing Exhibition Center here this morning. A total of 49 Japanese companies displayed over 500 kinds products, and food processing technologies and equipment at the exhibition which covers a flour space of 11,000 square meters.

The technologies cover food purchasing, storage, transport, processing, packaging and sales The exhibition has a special hall, showing 370 kinds of Chinese food products processed by 14 Chinese provinces and municipalities.

Commenting on this, Secretary-General of the Chinese Reception Committee for the exhibition Fu Limin said: "The purpose is to invite Japanese friends to offer their suggestions on improving our food products." "We would also like to have business discussions with Japanese friends on exporting to Japan some of the food products displayed here," he added.

Vice-Premier Tian Jiyun, Commerce Minister Liu Yi and Honorary President of the Japanese Exhibition Inayama Yoshihiro, Japanese Ambassador to China Yosuke Nakae cut the ribbon for the exhibition. Prior to the ceremony, Tian Jiyun met with Inayama Yoshihiro and other Japanese friends.

Hu Yaobang Speaks to Delegation

OW181445 Beijing XINHUA in English 1436 GMT 18 Jul 86

[Text] Beijing, July 18 (XINHUA) -- Chinese Communist Party leader Hu Yaobang said here today Japanese industrialists need not fear China will use imported technology to undercut competitors on the world market.

"It is an old story among the countries of the Orient that once an apprentice was trained and experienced he left his master unemployed," said Hu, general secretary of the Chinese Communist Party Central Committee. "But in the new China, it no longer works that way. We want foreign investment and technology in order to raise the standard of living of our people." Hu promised: "We won't sell or in any way dump most of our products on the international market. And China means what it says."

Speaking to a delegation of Japanese industrialists here for the Japanese food technology exhibition, which opened in the Beijing Exhibition Centre this morning, Hu said the main trend of Sino-Japanese trade and economic cooperation has been good. "But since we agree on the main trend, we can talk about minor aspects," he said. For example, said Hu, "China has a problem with its unfavorable balance of trade with Japan. But as long both countries want to solve the problem, a solution is possible."

The general secretary noted that the total volume of bilateral trade might drop. "But it doesn't matter if there is a decline," he said. "Trade will increase again in two or three years." On the investment environment in China, Hu said the country would "try its best" to make investments attractive to foreigners. "As in love affairs -- you can bind a man and a woman together but that won't make them want each other," he said, drawing a laugh from the Japanese visitors.

Yoshihiro Inayama, a leading Japanese industrialist and head of the delegation, said trade and economic relations between Japan and China have developed substantially. But, he said, "I think China has felt dissatisfied in some respects." This "shows the Chinese have had high hopes," he said.

Yao Yilin, Japan's Inayama Talk

OW191250 Beijing XINHUA in English 1152 GMT 19 Jul 86

[Text] Beijing, July 19 (XINHUA) -- Chinese Vice-Premier Yao Yilin conferred here today with Yoshihiro Inayama, a leading Japanese industrialist, on the expansion of cooperation between the enterprises of the two countries in running joint ventures. Inayama, leader of the Japanese food technology exhibition, came here for the opening of the exhibition here yesterday. The Japanese industrialist is scheduled to leave here for home tomorrow.

XINHUA ON BANK OF CHINA'S OPENING IN TOKYO

OW181324 Beijing XINHUA in English 0750 GMT 18 Jul 86

[Text] Tokyo, July 18 (XINHUA) -- The Bank of China opened its Tokyo office today, its first branch office in Japan. An opening ceremony was held this morning at the branch in Tokyo's Chiyoda District.

Li Shutian, director of the branch, pledged the office's active contribution to Sino-Japanese cooperation in economic, trade and financial fields.

Present at the ceremony were over 200 people including Toyoo Gyoten, Japanese vice-minister of finance for international affairs, Kaheita Okazaki, senior advisor of the Japan-China Association on Economy and Trade, and Zhang Shu, Chinese ambassador to Japan.

The Bank of China is the country's official institution for foreign exchange dealings. The Tokyo branch is its eighth branch abroad.

WORK BEGINS ON PRC-JAPAN JOINT TOURIST PROJECT

OW200732 Beijing XINHUA in English 0646 GMT 20 Jul 86

[Text] Beijing, July 20 (XINHUA) -- The Chang-Fu-Gong center, a tourist project and the biggest Sino-Japanese joint venture in Beijing, began construction following a foundation-laying ceremony today. The project is co-invested by the Beijing Tourist Company and the Japan Tokyo Company Ltd with a total sum of more than 100 million U.S. dollars. It is located at Jianguomen near the city center and opposite to the ancient observatory, a site of historical significance.

The center, to be completed in 30 months, consists of hotel rooms, office space and apartments. The hotel will have 512 rooms and dining halls serving both Chinese and Japanese dishes.

JAPAN'S SDI PARTICIPATION 'VIRTUALLY CONFIRMED'

OW180952 Beijing XINHUA in English 0811 GMT 18 Jul 86

[Text] Tokyo, July 18 (XINHUA) -- Cabinet ministers have "virtually" agreed on Japan's participation in the U.S. Strategic Defense Initiative (SDI) program, but held back a formal decision, according to the Kyodo News Service today.

The report said six cabinet ministers, including Chief Cabinet Secretary Masaharu Gotoda, had their third meeting on the matter today. They "virtually confirmed" Japan's taking part in the research, commonly known as "Star Wars", on the basis of what is called a "West German" formula, the report said. Under the formula, private enterprises would chiefly participate in the program and the government would not fund their activities.

Officials were quoted as having said Japan would try to work out an agreement with the United States on ways in which the Japanese private sector could join in the research while ensuring the return to Japan of derivative technology developed in the course of the project.

The ministers did not make a formal decision during the meeting and, instead, left the matter to their successors to decide. Prime Minister Yasuhiro Nakasone is expected to form a new cabinet next week after the landslide victory of the ruling Liberal Democratic party in the July 6 twin election of the Diet (parliament).

JAPAN PLANS MORE NUCLEAR POWER STATIONS

OW191202 Beijing XINHUA in English 0934 GMT 19 Jul 86

[Text] Tokyo, July 18 (XINHUA) -- Japan will depend on nuclear power for 58 percent of its electricity needs by the year 2030, a government advisory panel said in a report today.

In "Nuclear Energy Vision," a report presented to the Ministry of International Trade and Industry (MITI), the official advisory group on energy, predicted that output capacity of nuclear power plants will reach 137 million kilowatts by 2030, 5.6 times more than the present level.

The report said that 32 nuclear reactors are currently operating in Japan with a combined power output capacity of 24.52 million kilowatts, or 26 percent of the country's total electricity output in fiscal 1985. This amounts to more than a quarter of the total generated by oil-combustion thermal power plants. The average operating capacity rate of the country's nuclear reactors reached a record high of 76 percent and the atom has replaced petroleum as Japan's No 1 energy source.

The report said Japan will lay greater emphasis on the safety of nuclear plants in view of the Chernobyl nuclear disaster in the Soviet Union. On other policies for nuclear energy exploitation, the report proposed to raise economic efficiency, give full play to non-governmental enterprises and promote international cooperation.

Japan ranks fourth in the world in the number of its nuclear plants, after the United States, the Soviet Union and France, but ranks only 12th in terms of nuclear output as a percentage of total energy produced.

TURKISH PRESIDENT MEETS ZHAO ZIYANG 21 JULY

OW211413 Beijing XINHUA in English 1343 GMT 21 Jul 86

[Text] Istanbul, July 21 (XINHUA) -- Kenan Evren, president of the republic of Turkey, met visiting Chinese Premier Zhao Ziyang here today, expressing his satisfaction with the continued development of bilateral relations between Turkey and China. The meeting took place following Premier Zhao's cruise along the winding straits separating Europe and Asia this morning on his fifth day of his Turkish visit.

Evren said there was great potential for further developing bilateral economic and trade relations between Turkey and China. He added that the two countries may cooperate in a variety of ways and strive for long-term stable development. The president said there was a time-honored history in the relations between the people of Turkey and China, who have for centuries lived in friendship. Such friendship makes it easy for the two countries' leaders to achieve good results in their talks.

Evren described the talks between premiers of the two countries in Ankara as "very good" and as "having contributed to the development of friendly relations and cooperation between the two countries," especially in the economic and trade fields, he said.

The Chinese premier also expressed his satisfaction with the rapid development of Sino-Turkish relations since 1982, describing them as "having entered a new stage." He hoped that such relations would be further developed with the concern of the Turkish president.

The Turkish president suggested bilateral cooperation in contracting for construction projects in third countries and solving some problems in trade transport.

Zhao said that the problem of opening an air route between China and Turkey will be resolved soon. He conveyed regards to President Evren from Chinese leaders Deng Xiaoping and Li Xiannian. On behalf of Chinese president Li, Premier Zhao extended an invitation to the Turkish president to visit China again.

Turkish Prime Minister Turgut Ozal was present at the meeting. After the meeting, President Evren gave a luncheon in honor of Premier Zhao. Premier Zhao and his party are scheduled to leave Istanbul for the port city of Izmir today to continue their visit.

PRC, FRANCE TO LAUNCH NUCLEAR SAFETY APPRAISAL

OW190644 Beijing XINHUA in English 0601 GMT 19 Jul 86

[Text] Beijing, July 19 (XINHUA) -- China and France will join hands in the safety appraisal of the Daya Bay nuclear plant in Guangdong Province to guarantee its absolute safety, according to the National Nuclear Safety Administration (NNSA) here today. The appraisal includes the general principle of safety design, interior and external events, nuclear fuel assemble, reactor in-core components, reactor cooling system, containment, reactor control and protection system, emergency core cooling system, accident analysis, quality assurance, plant operation as well as waste storage and disposal.

The joint appraisal will be carried out according to a letter of intent signed between the NNSA and the French Institute of Radiation Protection and Nuclear Safety in May this year. According to the letter, the appraisal will call for an investment of 30 million francs and one million yuan. The two governments have expressed their willingness to support the program, NNSA said.

An agreement on the first stage of the appraisal is expected to be reached in September this year, NNSA added.

A team made up by more than 100 Chinese nuclear safety specialists and technicians was set up last year. They have undergone a series of training programs and are conducting the safety appraisal in the Qinshan nuclear plant in Zhejiang Province.

In China, systematic safety appraisal will be carried out during the building and operation of nuclear power plants in line with the country's nuclear safety regulations and standards. The NNSA will be responsible for issuing building license, loading and trial operation permission and operation licence according to the result of the appraisal.

The nuclear island of the Daya Bay plant, including two 900-mw pressurized water reactors, was imported from France.

EC COMMISSION OFFICIAL REPORTS ON AID TO PRC

OW190106 Beijing XINHUA in English 0009 GMT 19 Jul 86

[Text] Brussels, July 18 (XINHUA) -- The Commission of the European Community (EC) will give China development aid totalling 2.4 million ecus (one ecu equals roughly one U.S. dollar), a commission official announced today. Part of the aid package, 900,000 ecus, will go toward financing a project to improve the quality of natural rubber in south China.

The EC will provide modern equipment for conducting experiments and technical assistance to help existing rubber factories educate local personnel in the exploitation, processing and manufacturing of modern latex. The other portion of the aid, 1.5 million ecus, will be used to study and resolve the serious erosion problems in sichuan Province. For both projects, the EC will offer possibilities of educating personnel either on the project site or abroad.

In addition, the European Commission will finance development projects in Mexico, Honduras, Bolivia, Pakistan and Nepal. The aid for these projects, including China, totals 60 million ecus. Pakistan will receive the largest amount of aid, 26 million ecus, for rural electrification projects and training of personnel.

WAN LI MEETS, FETES BRITISH WRITER HAN SUYIN

OW190802 Beijing XINHUA in English 0735 GMT 19 Jul 86

[Text] Beijing, July 19 (XINHUA) -- Acting Premier Wan Li met and feted British writer Han Suyin here today. Han came to China on June 10 at the invitation of the Chinese People's Association for Friendship With Foreign Countries. She has been to Gansu and Sichuan Provinces during her current visit.

IRANIAN DELEGATION TO ECONOMIC MEETING IN PRC

OW170202 Beijing XINHUA in English 2349 GMT 16 Jul 86

[Text] Tehran, July 16 (XINHUA) -- An Iranian economic delegation headed by Iranian prime minister's assistant Hamid Mirzadeh left here this evening for China. The delegation will take part in the second session of the Sino-Iran economic joint committee in Beijing.

At the Tehran international airport, Mirzadeh said that he will explore the way to expand technical, economic and commerical cooperation between Iran and China. Earlier, Iranian officials expressed their desire to Chinese diplomats here for increasing non-oil goods export to China.

Meets With Wan Li

OW180923 Beijing XINHUA in English 0629 GMT 18 Jul 86

[Text] Beijing, July 18 (XINHUA) -- Acting Premier Wan Li met Iranian Deputy Prime Minister Hamid Mirzadeh and his party in the Great Hall of the People here this morning. They exchanged views on further development of bilateral economic relations and trade.

Meets Zhang Jingfu

OW171410 Beijing XINHUA in English 1356 GMT 17 Jul 86

[Text] Beijing, July 17 (XINHUA) -- The second meeting of China-Iran joint committee for economic, scientific and technological cooperation and trade was held this afternoon. Among those attending the meeting were chairman of the Chinese Committee and State Councillor Zhang Jingfu and an Iranian Government and economic delegation led by Deputy Prime Minister Hamid Mirzadeh. They conferred on the expansion of bilateral economic relations and trade.

Zhang said both China and Iran have much in common, hoping that the two countries will develop their long-term, stable relations on the basis of equality and mutual benefit. He noted some progress in bilateral economic relations and trade over the past few years but he said it is still not ideal. He hoped that Iran will adopt flexible pricing methods in common use internationally concerning its oil export to China so as to increase bilateral trade.

Mirzadeh said the two countries will seek new areas and ways for cooperation on the basis of maintaining their friendly relations and cooperation through mutual contacts.

This evening, Zhang gave a dinner for the delegation. In his toast Zhang said he believed that there exist broad prospects for bilateral relations and cooperation in political, economic and cultural fields.

Mirzadeh said the purpose of his delegation's China visit is pricely to expand and strengthen bilateral relations and cooperation. Through this meeting, he added, the two sides will take new steps to extend their friendly bilateral relations in evey field.

Mirzadeh and his delegation arrived here this morning at the invitation of Zhang Jingfu. They were met at the airport by Minister of Foreign Economic Relations and Trade Zheng Tuobin.

Zheng Tuobin Gives Dinner

OW181424 Beijing XINHUA in English 1159 GMT 18 Jul 86

[Text] Beijing, July 18 (XINHUA) -- Zheng Tuobin, Chinese minister of foreign economic relations and trade, gave a dinner here today in honor of Iranian Deputy Prime Minister Hamid Mirzadeh and an economic delegation from the Iranian Government he is leading. Mirzadeh also met Chinese Minister of Chemical Industry Qin Zhongda and Chinese Minister of Nuclear Industry Jiang Xinxiong here today.

Visits Petrochemical Plant

OW191044 Beijing XINHUA in English 0927 GMT 19 Jul 86

[Text] Beijing, July 19 (XINHUA) -- Iranian Deputy Prime Minister Hamid Mirzadeh and his party today drove more than 50 kilometers from Beijing to visit the Yanshan General Petrochemical Corporation. They learned that the corporation has a staff of 40,000, runs seven chemical factories and four auxiliary factories. It is able to refine seven million tons of crude oil and produces 2.3 million tons of gasoline, Kersone, diesel oil and lubricating oils a year.

The Iranian deputy prime minister made round of two factories producing rubber and polyethylene and a refinery. Mirzadeh is here attending the second meeting of the China-Iran joint committee for economic, scientific and technological cooperation and trade.

Received by Ulanhu

OW211130 Beijing XINHUA in English 1119 GMT 21 Jul 86

[Text] Beijing, July 21 (XINHUA) -- Vice-President Ulanhu today expressed his satisfaction at the development of friendly relations between China and Iran. He told to the visiting Iranian Deputy Prime Minister, Hamid Mirzadeh, that the Chinese Government and people attach great importance to the development of Sino-Iranian traditional friendship.

Since both countries belong to the Third World, he added, they should make up for their deficiencies through economic cooperation and trade. He expressed his belief that the cooperation in this field will be further developed as a result of the second meeting of the China-Iran joint committee for economic, scientific and technological cooperation and trade which ended in Beijing earlier today.

Mirzadeh said that the Iranian leaders pay great attention to the development of cooperation with China in the fields of economy, trade, science and technology, and highly evaluate the bilateral relations of friendship. He also said that the results of the second meeting were fruitful.

Zhang Jingfu Closes Meeting

OW211316 Beijing XINHUA in English 1227 GMT 21 Jul 86

[Text] Beijing, July 21 (XINHUA) -- The second meeting of the China-Iran joint committee for economic, scientific and technological cooperation and trade ended here today. A summary of talks on the meeting was signed by Zhang Jingfu, chairman of the Chinese side to the meeting and state councillor, and Hamid Mirzadeh, chairman of the Iranian side and deputy prime minister.

At the closing ceremony, Zhang Jingfu said that the meeting was held in an atmosphere of friendship and mutual trust and achieved success. He drew attention to the smooth cooperation in economy and trade between the two countries and the good beginning in scientific and technological cooperation. He said he was confident of expanding their bilateral economic relations and trade as well as scientific and technological cooperation. Mirzadeh said that bilateral cooperation will be further developed through consultation and efforts by both sides and there exist broad prospects.

PRC, PDRY SIGN SPORTS COOPERATION PROTOCOL

OW171004 Beijing XINHUA in English 0941 GMT 17 Jul 86

[Text] Beijing, July 17 (XINHUA) -- A protocol for sports cooperation between China's State Physical Culture and Sports Commission and the Supreme Council for Sports of the People's Democratic Republic of Yemen was signed here this afternoon. The document, signed by Chinese Minister Li Menghua of the sports commission and President Mohamed Ghalib Ahmed [spelling as received] of the Yemeni Sports Council, paved way for exchange of visits by sports delegations of the two countries in the future. And it encouraged sports exchanges, especially direct contacts between the nations' sports federations. According to the protocol, China and Democratic Yemen would exchange visits in the 1986-1987 period by table tennis and volleyball teams and coaches of table tennis, basketball and volleyball. China would provide Democratic Yemen with sports equipment free of charge. Also present at the signing ceremony here today were Vice-Minister Zhang Caizhen of the Chinese Sports Commission, and Ibrahim 'Abdalla Sa'idi, Democratic Yemen's ambassador to China.

Sports Minister Receives Award

OW170946 Beijing XINHUA in English 0932 GMT 17 Jul 86

[Text] Beijing, July 17 (XINHUA) -- Chinese Minister Li Menghua of the State Physical Culture and Sports Commission was awarded here today with a gold order from the Supreme Council for sports of the People's Democratic Republic of Yemen. Mohamed Ghalib Ahmed, [spelling of name as received] president of the council and leader of a visiting Democratic Yemeni sports delegation, presented the gold medal to the Chinese minister at an awarding ceremony in the Beijing indoor stadium this afternoon. The president also presented an order of honor to the Chinese Sports Commission and Chinese Olympic committee. The Yemeni council president said the awardings were done according to a recent joint decision by the council and the National Olympic Committee. Present at the ceremony were Vice-Minister Zhang Caizhen of the Chinese Sports Commission, Yemeni ambassador to China Ibrahim 'Abdallah Sa'idi, and representatives of Chinese athletes. The Yemeni sports delegation will leave here for home tomorrow.

LI XIANNIAN SENDS CONGRATULATORY MESSAGE TO NICARAGUA

PA191842 Managua Domestic Service in Spanish 0300 GMT 19 Jul 86

[Note of congratulations sent by the PRC President Li Xiannian to Nicaraguan President Daniel Ortega Saavedra, on the seventh anniversary of the triumph of the Sandinist People's Revolution, issued in Beijing, 18 July 1986]

[Text] Your Excellency,

Daniel Ortega Saavedra, president of the Republic of Nicaragua, Managua:

On occasion of the seventh anniversary of the triumph of the Nicaraguan Revolution, I am pleased to convey to you, on behalf of the PRC Government and people and on my own, our heartfelt congratulations to your excellency and to the Nicaraguan Government and people.

Seven years ago, in a long and heroic struggle, the Nicaraguan people overthrew Somoza's dictatorial domination and achieved the victory of the National Democratic Revolution, opening a new era in Nicaraguan history.

Today, the Nicaraguan people are engaged in a struggle, against foreign interference, to safeguard the national sovereignty and independence and for the development of the national economy.

The PRC people have always sympathized with and supported the Nicaraguan people in their just struggle and we sincerely hope that the Nicaraguan people will continue to achieve new accomplishments under your excellency's leadership.

With the reestablishment of diplomatic relations between the PRC and Nicaragua a new stage in the friendly cooperation between the two countries began.

The government and the people of the PRC sincerely appreciate the friendship between our two nations and are willing to make efforts, together with the Nicaraguan Government and people, to promote the progressive strengthening and development of the friendship and cooperation relations between the two countries.

Li Xiannian, president of the PRC.

Beijing, 18 July 1986.

EL SALVADOR REBEL LEADER MEETS CPC LIAISON HEAD

OW181720 Beijing XINHUA in English 1456 GMT 18 Jul 86

[Text] Beijing, July 18 (XINHUA) -- Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee, met here this evening with a delegation from the Democratic Revolutionary Front of Salvador led by the front's President Guillermo Manuel Ungo. The Salvadoran visitors arrived here yesterday at the invitation of the International Liaison Department of the C.P.C. Central Committee.

MEETING VIEWS DEFENSE STRATEGY FOR YEAR 2000

HK200507 Beijing XINHUA Hong Kong Service in Chinese 0309 GMT 20 Jul 86

[Text] Beijing, 20 Jul (XINHUA) -- The overseas edition of LIAOWANG to be published tomorrow reports that representatives of the Chinese Army, Navy and Air Force and relevant experts and scholars, totalling over 100 persons, recently met in Beijing to explore questions of China's national defense development strategy for the year 2000.

The "Seminar on National Defense Strategy for the Year 2000 and Systems Engineering" which was convened by the Military Systems Engineering Commission of China [Zhongguo Junshi Xitong Gonacheng Weiyuanhui 0022 0948 6511 0057 4762 4827 1562 4453 1201 0765 2585], produced various conceptions, forecasts, and probes from various angles of national defense developments in the year 2000 in conjunction with the realities of China and its Armed Forces.

The meeting received a total of over 60 theses. The scope of these developed from general theorizing and qualitative analysis to a new stage of combining the application of systems engineering to carry out quantitative analysis. This showed that China's national defense strategic studies are advancing from a close to an open state, and reflect a new trend in which China's Armed Forces and national defense departments are actively strengthening lateral ties and are holding extensive academic exchanges with local experts and scholars on major affairs of state and national defense.

The well-known scientist Qian Xuesen said: "The application of system engineering to study national defense strategy problems for the year 2000 is a good idea. It is two sides of one problem. If we can do this, I hold that this is a marvellous thing, and the first time this has been done in China."

Deputy Chief of Staff Xu Xin said, "An upsurge in the study of China's national defense development strategy is now forming."

The meeting pointed out that the CPC Central Military Commission decided in 1985 that a major change should be brought about in the idea guiding the PLA's national defense construction, that is, it should change from basing work on the combat-readiness posture of "fighting an early war, a major war, and a nuclear war" to the track of peacetime construction. This policy decision will have a decisive impact on the overall situation in national defense construction. This is China's main basis in determining its national defense strategy, and is also the general guiding idea for launching studies on development strategy.

This meeting also applied system dynamics, dissipation structures, coordinates, the index method, and other new theoretical methods to study national defense strategy from the angles of strategic concepts, the international environment, national defense strategies for the different branches of the Armed Forces and for civil defense construction. These studies reached a certain academic breadth and depth.

This method of holding a common exploration of high-level national defense strategy in the name of an academic society and combining the Army and the civilians, with crisscrossing of many specializations of various sciences (natural science, social science, and military science), may become a new form of providing consultative services to the leadership for policymaking.

The experts attending the meeting also put forward many original views on national defense strategy and counterstrategy. Qian Xuesen held that they should exchange the overall strategy of the West for China's national strategic concept. He said that China's national strategy is the quadruplication and attainment of a comfortably well-off living standard set by the 3d Plenum of the 11th CPC Central Committee; overall strategy comprises a whole series of political, economic. diplomatic, science and education, and foreign trade strategies adopted in order to realize the central authorities' guidelines and attain the national strategy; and national defense strategy for the year 2000 is a component part under this overall strategy.

Cheng Ruisheng of the Foreign Affairs Study Association said when expounding on the international environment for national defense strategy that there are now two different analyses of the world situation. One stresses the role of the polarization of the United States and the Soviet Union, and the other stresses the role of multipolarization. Chen held that although the influence of these two hegemonies has weakened somewhat, they still play a role as the dominant factor.

Polarization is a good as well as bad thing, because the consequence of mutual confrontation acts as a constraint on the outbreak of a major war. He also said that in recent years some scholars in China and elsewhere have developed the view that due to the relatively fast economic development in the Asia-Pacific region, the center of the world economy has shifted to the Pacific, and the focus of the rivalry of the two hegemonists will also switch from Europe to the Asia-Pacific region. Actually the theoretical basis for such a view is incomplete; the focus of rivalry will remain in Europe for the new 15 years.

Wang Shuzhong of the World Economic and Political Research Center said that China's future strategy can be analyzed from three different levels: in the first level it is held that there will be a relatively great flying leap in China's national strength; in the second, it is held that the contradictions between certain great powers may intensify; and in the third, it is held that due to the rise of China, major changes will occur in the U.S.- Soviet bipolar structure. Western strategy is precisely built on playing the China card on the basis of this analysis. He pointed out that due to the growth in China's economic strength, its international status will change continually, and it is estimated that if the gross national product of the Western countries grows by an annual 3 percent while China's grows at 8 percent, then China will climb from its present eighth position to fifth position in the world table by the year 2000. He held that by that time the world pattern will no longer be a bipolar affair; instead it will be a tripod.

Mi Zhenyu and Chen Weimin of the Military Science Academy pointed out when expounding on national defense strategy and counterstrategy that all countries have different relations of advantages and disadvantages in the international environment, but the most essential component is economic interests.

To exterpolate war or its basic functions from this can mean nothing but the use of violent means to preserve or pursue economic interests. The fundamental constaining factor as to whether violent methods can be used is the weighing of national interests. They also pointed to the new concept of "fluid economy," and held that rivalries over economic interests in the world are mainly centered on fluid economy, and the probability of war breaking out by means of fluid economy is the greatest.

Su Enze of the Air Force Engineering Institute pointed out that China has established the concept of "wisdom strategy" [zhi zhanlue 2535 2069 3970], and in connection with reality has set to work to develop wisdom strategy from the angles of information, equipment, talent, and organization. The aim of the wisdom strategy he mentioned is to seize opportunities, gain time, develop plans, work up a fast rhythm, stress transformation into the excellent, skillfully occupy the high ground in intelligence.

PLA NAVY SUPPORTS CONSTRUCTION PROJECTS

OW211401 Beijing XINHUA Domestic Service in Chinese 0011 GMT 21 Jul 86

[By reporter Cao Guoqiang]

[Excerpts] Beijing, 21 Jul (XINHUA) -- While the coastal seas were previously used by the People's Navy solely for training and military exercises, they have now become a working area for supporting the nation's transportation and energy construction programs. According to incomplete statistics, the People's Navy has undertaken and participated in more than 300 state and local transportation and energy construction projects since last year. [passage omitted]

The construction of the Beicang power plant in Ningbo is one of the state's major projects in the Seventh 5-Year Plan. Last May some 160 engineers, technicians, cadres, and fighters of a Dong Hai Fleet unit and the Naval Engineering Design and Research Institute undertook the geological survey work for the construction of the power plant's wharf. The work had to be carried out in a deep-sea area with rapid torrents and whirlpools and complex geological conditions, but the commanders and fighters braved the scorching sun and high temperatures and worked day and night on the spot. In only 2 weeks, they drilled to a depth of some 600 meters, and the quality of their work fully met the requirements. In praise of their work, the power plant's leader said that our Liberation Army was not only heroic in fighting battles but also superb in doing construction work.

To turn the Shengli oilfield into a "second Daqing" as early as possible, the Bei Hai Fleet, which undertook the construction of an oil transport project for the oilfield, dispatched some 1,000 commanders and fighters, more then 80 vehicles, and 34 vessels to do the work even though it was undergoing a reduction-in-strength reorganization. Last year they completed civil engineering construction involving the more then 600,000 cubic meters of earth and stone work and extended the landing stage by some 1,500 meters.

In March of last year, the state department concerned gave the Navy an emergency order to transport a large number of imported cars out of Hainan Dao.

On receiving this order, the Nan Hai, Dong Hai, and Bei Hai Fleets immediately dispatched 26 large vessels to form a transport fleet. After working consecutively for 70 days and nights, they completed the task of transporting these cars, totaling more than 40,000, out of the island. To commend their work, a special message was sent to the naval departments concerned by the State Council's General Office.

To meet the needs of national construction, the naval units concerned have assigned 20 military ports and docks on the coast for use exclusively by the local departments or for use by both military and civilian units. In addition, 12 military airports, including those in Qinhuangdao, Yantai, Ningbo, and Haikou, have been opened to the outside for supporting the work of local transportation departments.

REGIMENT EDUCATES PILOTS IN LOFTY IDEALS

OW191433 Beijing XINHUA Domestic Service in Chinese 0143 GMT 19 Jul 86

[Excepts] Jinan, 19 Jul (XINHUA) -- In the course of the party rectification, an Air Force regiment takes various measures to educate the pilots in lofty ideals in order to inspire their "dedication to a flying career" and to solve common problems among them.

1. The pilots are asked to correctly understand the hardship and risks in flying and to treat their job as a fighting post for realizing communist ideals. [passage omitted] In the course of party rectification, the regiment educates pilots in the party program and party membership requirements, asks them to review the party adminission oath, and give lectures on "devotion to flying." The pilots have understood that as party members and flyers, they should treat their job as the working post for communist cause, dedicate themselves to flying, and realize their lofty ideals. [passage omitted]

2. The pilots are asked to correctly handle their marriage and family problems and seek happiness in flying. As new pilots are still going through flight training, their tour with the regiment is an important stage for them to lay groundwork. However, a few of them are considering early marriages and are not concentrating on training. In the course of party rectification, the regiment party committee, in view of such a situation, educates them in lofty ideals and helps them assume a correct attitude toward love and marriage, so that they clearly understand the relationship between marriage and a flying career and know which is more important. [passage omitted]

3. The pilots are asked to assume a correct attitude toward promotion and conscientiously subordinate themselves to the needs of their flight duty. [passage omitted] They hold that as both pilots and leading cadres are the people's servants, they should not contend for higher positions, and instead, they should vie to make more contributions in flying.

4. The pilots are asked to assume a correct attitude toward Air Force pay and keep to a course of flying for the revolution. In the course of party rectification, the regiment party committee closely combined education in lofty ideals and education in current policies, guides the pilots to assume a correct attitude toward material interests, and strengthens their determination to fly for the revolution.

First, the party committee tells the pilots that it costs the state a large amount of money to train an all-around flyer. The party committee urges the pilots to bear firmly in mind the trust placed in them by the party and the people, give all they have without any reservation, and never demand better material treatment on the grounds of having flying skills. Second, the pilots are asked to be content with the current material treatment and know that the material treatment given to them by the party is not bad while our country is not rich and that the people's living standards are generally even lower. The pilots are urged to make more contributions to the party and the country. Third, the party committee has analyzed the fact that some pilots of the regiment and some fraternal units persisted in seeking material interests, committed mistakes, and degenerated. The party committee educates the pilots to remold their thinking; conscientiously resist corruption by such decadent ideas as seeking fame, gain, and pleasure; and "putting money above all else"; and firmly keep to a course of flying for the revolution.

The party rectification has strengthened the determination of the party members in the regiment to dedicate themselves to a flying career. At the end of June, the regiment completed 70 percent of this year's training duty. The new pilots who joined the regiment in July 1985 have completed their change-of-equipment training 6 months ahead of schedule.

CHEN YUN TALK ON ECONOMIC PLANNING REPRINTED

OW211251 Beijing BEIJING REVIEW in English 21 Jul 86 p 14-15

["Outline" of a talk by Chen Yun on 8 March 1979]

[Text] 1. The principle of planning is to ensure planned and proportionate development. It was Marx who first formulated this concept.

CAPITAL is a work on political economy. It presents an analysis of capitalism.

In CAPITAL the author brings to light the fact that capitalist production is anarchic and that the growing productive forces are bound to come into irreconcilable contradication to the relations of production. Hence, capitalism will ultimately die out.

Before a socialist revolution was won in any country, Marx had already predicted that the socialist economy would develop in a planned and proportionate way. This theoretical proposition has proved to be correct in every sense of the word.

2. After 1917, the Soviet Union initiated a planned economy, and China did the same in the years following 1949. Both applied Marx's theory on developing the economy in a planned and proportionate manner.

It was quite right for the Soviet Union and China to follow such a path. The point, however, is that both countries failed to elaborate on Marx's principle (of planned and proportionate development) in the light of the experience they gained in building the socialist system and of the level of development of the productive forces in their respective countries. This accounts for the shortcomings that have appeared in their planned economies.

Over the past 60 years, there has been an important defect in the planning systems of both the Soviet Union and China. Namely, they have focused their attention on planned and proportionate development while neglecting market regulation, regulation according to the law of value, which the socialist system cannot do without. In other words, "anarchic" and "blind" production may be encouraged for regulating some sectors of the economy.

Our planning is so rigid and covers so many things that it leaves no room for the market to play its regulatory role automatically. Very often the plans are ill-concerted, and the planning departments are preoccupied with their daily routines.

Since the market has a very limited role to play as a regulator and the planning departments only take care of portioning out quotas for the manufacture of run-of-the-mill goods and some major items of products, it is impossible to produce a great variety of goods. The results is that the people are provided with a very limited variety of daily necessities.

3. There must be two types of economy throughout the socialist period:

(1) The planned economy (the type that needs to be developed in a planned and proportionate way).

(2) The market-regulated economy (the type that is not subjected to planning but is conducted in accordance with the changing market supply and demand, i.e. regulated in an unplanned way).

The first type is fundamental and predominant; the second, though supplementary and secondary in nature, is indispensable.

With both the state power and the first type of economy, we can build socialism. The second type is a useful supplement (not harmful, on the whole).

During the first years after liberation, we had only the first type of economy under our control. Despite the fact that the private, capitalist sector was still there, ours was a socialist country.

After we raised the per-catty price of ginned cotton to an equivalent of 8 catties of rice, there was a remarkable growth in cotton production.

The crux of the matter is that we are still unaware of the inevitability of and necessity for the existence of the two economies and that we are still undecided on the proportions each should assume in the different economic sectors.

This explains the following two shortcomings in our work of planning:

(a) We are not strict enought where we should be. Hence: capital construction is overextended; the electric power industry and transport services, instead of developing ahead of other undertakings, are lagging behind; The raw materials industry is not developing in proportion to the processing industry, and the latter is generally ahead of the former.

There is an imbalance within the iron and steel industry; the same is true between the various industries; and of course, imbalance between agriculture and industry poses the biggest problem.

B) We are not flexible enough where we should be. Hence:

The powers for planning are over-centralized;

We are still exercising tight and rigid controls over that part of agricultural production undertaken by the individuals or the collectives, the part that is not included in state plans; and

The local authorities are so keen on construction projects that they don't have much funds left at their disposal.

4. Neglect of the regulatory role of the market leads to neglect of the law of value, as illustrated by the fact that many comrades have no idea what "profit" means. No enterpreneurs but pampered youths can afford to act that way in managing the economy.

After being blockaded by the Soviet Union, Yugoslavia had no choice but give a free rein to the development of the market economy. (footnote 1) (After Yugoslavia was expelled from the Information Bureau of the Nine European Communist and Workers' Parties in June 1948, it was subjected to an economic blockade and political and military pressure. The Information Bureau was founded at a meeting held in Warsaw, Poland in September 1947 by respresentatives of the Communist and Workers' Parties of Bulgaria, Romania, Hungary, Poland, the Soviet Union, France, Czechoslovakia, Italy and Yugoslavia. In April 1956, the Bureau declared itself closed.) It seemed that in the early years the proportion of its economy covered by state plans was too small, but Yugoslavia paid attention to increasing that proportion later on.

5. The economy of our society is characterized by a vast population, with the rural residents accounting for 80 percent of the total, and a relatively small amount of arable land.

Yet, our comrades working in the planning, industrial and commercial departments do not have a profound understanding of this.

They are bound to run into snags unless they try to remedy this ignorance of theirs.

The arrangement made in the order of priority of agriculture, light industry and heavy industry for the development of our economy embodies an integration of Marxism with the practice of the Chinese revolution. (footnote 2) (In his talk in the early days of the Lushan Meeting held in 1959, Mao Zedong pointed out that in the past the development of the national economy had been planned in the order of priority of heavy industry, light and agriculture. He proposed to change the priorities to agriculture, light industry and heavy industry, with the last serving the first two. By the order of priority of agriculture, light industry and heavy industry mentioned here he meant that, in drawing up plans for the development of the national economy, priority should be given to agricultural production and its needs before making arrangements for the production of light industry in the light of market demand and the amount of raw materials that agriculture can provide. And the growth rate and production scale of heavy industry should be decided in keeping with those of agriculture and light industry, to avoid lopsided development of heavy industry and imbalances between the different sectors of the national economy.

Mao Zedong based those decisions on the fact that China was an agricultural country and analysed both the positive and negative experiences in the building of socialism in China and elsewhere before he put forth this principle and method for planning the development of the national economy.)

6. In the course of readjusting the economy and reforming the management system in the years to come, we shall lay stress on establishing a proper ratio between the planned economy and the market-regulated economy. The increase of the planned economy will not necessarily lead to the decrease of the market-regulated economy in absolute terms. Most likely the two will grow proportionately.

STATISTICS OFFICIAL DESCRIBES ECONOMIC SITUATION

OW191419 Beijing XINHUA Domestic Service in Chinese 1325 GMT 18 Jul 86

[Excerpts] Beijing, 18 Jul (XINHUA) -- During the first half of this year, China's economy broke away from the strained situation caused by "excessive development," showed normal and well-proportioned growth, and the general situation was good, said Zhang Zhongji, a press spokesman of the State Statistical Bureau.

At a news briefing held today, Zhang Zhongji stated the following six points, in particular:

A good harvest of summar grain and oil-bearing crops was achieved. According to date obtained from on-the-spot surveys at selected locations, the nation's summer grain output may reach 91.88 million metric tons. This is 3.14 million metric tons more than last year and close to the record of the rich-harvest year of 1984. Rapid progress was noted in summer-grain purchase. From 1 April to the end of June, 15,85 million metric tons of were purchased by the state, surpassing the record for last year's corresponding period by 5.16 million metric tons. [passage omitted] Production of summer-ripening rapeseed is about the same as or a little higher than 1985, which was a year noted for a bumper rapeseed harvest.

Industrial production demonstrated steady well-proportioned growth. The total industrial output value for the first half of this year reached 428.4 billion yuan, a 4.9 percent rise over last year's corresponding period, which saw a growth rate of 23.1 percent. [passage omitted]

Transportation was improved. The volume of cargo transported during the first half of this year by various means of transportation stood at 823.1 billion metric ton-kilometers, a 6.4 percent increase over last year's corresponding period. The volume of cargo transported by railways was 426.1 billion metric ton-kilometers, showing an increase of 8.4 percent. [passage omitted] The volume of passenger transportation by various means of transportation reached 218.3 billion passenger-kilometers, or 2.9 percent more than last year's corresponding period.

The growth of fixed asset investments slowed. Capital construction investment made by units owned by the whole people during the first half of this year was 7.9 percent more than last year's corresponding period. This growth rate was well below that registered for the corresponding period last year.

On the other hand, a quicker pace was achieved in the technological upgrading and transformation of enterprises. Investment made by units owned by the whole people for these purposes amounted to 15.2 billion yuan, 45 percent more than in last year's corresponding period.

The market is stable, and the upward trend of commodity prices has slowed. During the first half of this year, retail sales of commodities totaled 235.1 billion yuan, or 11.8 percent more than during last year's corresponding period. The supply of commodities was ample on the market; in particular, that of nonstaple foods was better than in previous years. Trade fair activities were brisk in both cities and countryside. Consumers were at ease about the availability of goods to meet their needs and demonstrated growing demand for various commodities. The rate of retail price rises on the market was gradually declining. Compared with the corresponding periods last year, the rate of the rise in the retail price index was 8.5 percent in January. It declined month by month and was about 3 percent in June. The average rate for the first half of this year as a whole was 5.5 percent. [passage omitted]

Imports and exports continued to increase. According to statistics compiled by Customs, the volume of total imports and exports for the first half of this year amounted to $33.43 billion, 10.9 percent higher than in last year's corresponding period. The growth rates for exports and imports were 14.4 percent and 8.6 percent, respectively. This year imports of some commodities were reduced, but because less foreign exchange was earned due to the lower prices of exported crude oil and farm and sideline products, the total amount of imports still exceeded that of exports by $6.37 billion. [passage omitted]

At the news briefing, Zhang Zhongji answered questions raised by Chinese and foreign reporters. Asked why the statistical figures of imports and exports published by Custom differed from those by the Ministry of Foreign Economic Relations and Trade, he said that this was mainly due to the different approaches in compiling the statistics. The Customs statistics, he said, showed all imports into and exports out of our country, whereas the statistics of the Ministry of Foreign Economic Relations and Trade covered only those imported and exported commodities of a foreign trade nature. Besides, with the diversification of China'a foreign trade channels, some imports and exports made by departments other than the Ministry of Foreign Economic Relations and Trade and by local authorities were not included in the statistics compiled by this ministry.

JOURNAL ON LIU SHAOQI, SOCIALIST CONTRADICTIONS

HK211011 Beijing LILUN YUEKAN in Chinese No 6, 25 Jun 86 pp 16-20

[Article by Zhang Jiangming: "Comrade Liu Shaoqi's Contribution to the Theory of Socialist Contradictions"]

[Text] Comrade Mao Zedong's theory of socialist contradictions was a great development of the Marxist-Leninist theory of contradictions in the history of development of socialism. As an outstanding Marxist, Comrade Liu Shaoqi long propounded and discussed the question of socialist contradictions. Comrade Liu Shaoqi discussed incisively the universality of social contradictions in socialist society and the contradictions among the workers themselves in his articles "Internal Contradictions of State-Run Factories and the Basic Tasks of Trade Union Work," published in 1951, and "How To Correctly Handle Internal Contradictions Among the People," published in 1957. His analysis and demonstration were rich in creative spirit and full of the breath of the times.

I

Comrade Liu Shaoqi was sensitive to the changes in social contradictions shortly after the founding of the PRC, and pointed out that socialist contradictions are a new type of social contradictions differing basically from capitalist contraditions. He believed that, in principle, class antagonism and exploitation no longer exist inside state-run factories, where the class contradiction between capital and labor is basically solved. The relation between the factory's administrative organs and the workers has basically changed to one of comradeship. So, does this mean that contradictions no longer exist inside socialist enterprise? Of course not. Contradictions still exist, and this is because "the structure of all things is one of contradictions, and the internal structure of state-run factories is certainly one of contradictions." ("Selected Work of Liu Shaoqi," Vol 2, p 93. Hereafter, quotations from the same work will be referred to by page number only.) The issue lies in the fact that the nature of contradictions has undergone a change; they have changed from being mainly class contradictions and exploitation into new contradictions and new relations, which are the contradictions and relations between state-run factory adminstrative organs and the workers, as well as various problems arising from such contradictions and relations. (p 93)

As contradictions exist in enterprises under ownership by the whole people, which are in the dominant position, contradictions naturally exist under socialist collective ownership and nonsocialist individual ownership, not to speak of national capitalist ownership, in which class contradictions still exist. Thus, we can see, contradictions exist universally in socialist society as well as in other societies.

Comrade Liu Shaoqi summed up the contradictions in socialist society into the two categories of social contradictions of different natures, and gave philosophical expositions on them. According to him, the contradictions in social society "can be largely divided into two categories: one is fundamentally antagonist and irreconcilable; and the other is fundamentally nonantagonistic and reconciable." (p 94) Here, we are told that in differentiating between contradictions of different natures, it is necessary to master two principles and criteria: First, whether they are antagonistic or nonantagonistic in essence. A contradiction is antagonistic and one between ourselves and the enemy if long-term and overall conflict of basic interests exists; and the contradiction is nonantagonistic and one among the people when the basic interests are the same and no conflict of basic interests exists. This latter category of contradictions might be intensified on a certain issue, and bring about some antagonistic sentiments; however, such phenomena are accidental, temporary, and partial, and generally they will not develop into external conflict. Second, will the two parties concerned in a contradiction "reconcile"? Here, the exposition employing the concept of "reconciliation" is original. The word "reconciliation" has several meanings: a peaceful solution not resorting to force; the two parties concerned can come to friendly terms and coexist harmoniously, when the contradiction will not grow more and more intense, and rapidly explode in the direction of antagonism. Differentiating between the two categories of contradictions of differing nature based on these two principles has enabled the theory of socialist contradictions to make a big step forward. This is because the queston of"whether the form of external conflict is adopted as a solution to old contradictions" often served as the criterion for differentiating between the two different categories of contradictions, and a possible "reconciliation" was seldom taken into consideration.

What is the significance of attaching attention to a possible "reconciliation" between the two parties concerned in a contradiction to the realities of socialist society? Comrade Liu Shaoqi believed that analyzing contradictions from the angle of "reconcilation" may prevent the conversion of contradictions among the people to antagonistic contradictions because of inappropriate handling; whereas antagonistic contradictions should be handled with the measure of "reconcilation" only when they acquire certain conditions. The aim of such practice is to reduce conflict, and to realize unification.

When observing a problem, we must first make a distinction between the two categories of contradictions of differing natures. During the transition period, the contradictions between the working class and the bourgeoisie were those of basic conflict between the exploiting and the exploited classes, and contradictions of an antagonistic nature; however, under the specific conditins in China, they could be converted to nonantagonistic contradictions. The contradictions within the working class, the contradictions between socialist state-run factory internal administrative organs and some of the workers are contradictions among the people. If these two categories of contradictions are confused, one will commit mistakes of a fundamental nature.

With contradictions of differing natures, the principles for handling them will be different. Comrade Liu Shaoqi pointed out: "Struggle should be stressed in the solution to contradictions when they manifest themselves as antagonistic. But when the contradictions appear to be nonantagonistic, we should refrain from the measure of struggle but adopt the measure of 'unity -- criticism -- unity' for a solution." (p 302) In terms of philosophy, it is "precisely to make use of the unity nature of contradiction to promote the reconciliation of contradictions, or to make use of struggle nature of contradictions to promote the conflict or breakdown of contradictions." (p 96) Regarding the question of making use of the unity or struggle nature of contradictions mentioned here, I believe we should have the following understanding: In socialist society, antagonistic and nonantagonistic contradictions have different natures; the identity and struggle in contradictions each have their own characteristics, and each had its different role and place in contradictions. Hence, the formation of two categories of contradictions, one characterized by identity, and the other by struggle. Contradictions characterized mainly by struggle are antagonistic, such as the "natural enemy" in nature, and the relation between the enemy and ourselves in a class society, and the solution to such contradictions must go through a bitter struggle of life or death, developing into external antagonism and conflict, with our party exterminating the other or the extermination of both parties in arriving at a new unity. Contradictions with unity as the main element may contain antagonism and struggle, however, because identity exists within them, there is a relationship of mutual coordination and infiltration. For a solution to the contradiction, generally no external struggle of an explosive nature is demanded, while coordination and reconciliation will continuously bring new essence to the original unity, and gradually develop to a higher phase. Thus we can see the final result of the struggle between the two parties concerned in an antagonistc contradiction will negate the existing interdependent relationship, bring about a breakdown of the original unity in the contradiction, and arrive at a new unity, when the starting point and the destination of nonantagonistic contradictions arrive at a new and higher unity on the basis of the original unity. Here, we must make clear that we do not mean that reconciliation and coordination are free of struggle, only that the nature and methods of struggle are different. [paragraph continues]

In contradictions in which struggle is the main element, struggle plays the dominant role, and unity is restricted by struggle; while in contradictions with unity as the main element, unity plays the dominant role, and the form, scope, nature, and degree of struggle will all be restricted by unity. In this sense, we can say that struggle should be stressed in the solution to antagonistic contradictions; and unity should be stressed in the solution to contradictions among the people.

As struggle should be stressed regarding antagonistic contradictions, and unity should be stressed regarding nonantagonistic contradictions, is the philosophical tenet that in the two categories of contradictions of differing natures, struggle has an absolute and unconditional nature and unity a relative and conditional nature still effective? Comrade Liu Shaoqi gave an affirmative answer to this question. Our usual explanatin is: The struggle in contradictions is unconditional and absolute, as it is absolute in material movement, functioning at all times in all places; struggle exists in the quantitative changes in matter, the more so in qualitative changes. As to unity, as the unity of two opposites, quantitative and qualitative changes likewise occur in the course of development of contradictions, and struggle is inevitable; however, when a contradiction has reached its height, the unified body will dissolve, and the old unity no longer exists. Hence, the relative nature of such unity. Comrade Liu Shaoqi linked theory closely with practice, and gave a new explanation on this point in a language easy to understand, pointing out that "this is because the cooperation and reconciliation of ny contradiction is mutual and conditional, while a single party will be enough to promote the struggle in a contradiction. Hence, struggle is unconditional and absolute." (p. 96)

Based on the different conditions of various stages, is there a principal contradiction in the two categories of contradictions of differing natures? Comrade Liu Shaoqi explicitly pointed out: "Prior to the founding of the PRC, the contradiction beteen the Chinese people and imperialism, feudalism, and bureaucratic capitalism was the principal contradiction. After the founding of the PRC, the land reform in particular, the principal contradiction changed; imperialism had been driven out, the landlord class had ben eliminated through the land reform, as well as bureaucratic capitalism, and the principal contradictiodn became the contradiction beteen the proletariat and the bourgeoisie; but since the socialist transformation of capitalist enterprises in China, the contradiction between the proletariat and the bourgeoisie has also been basically solved. The CPC Eighth National Congress touched upon this question. With all these contradictions basically solved, what is the principal contradiction at present? We should say the contradictions among the people has become the principal contradiction." (p. 296). This is a very important concept. If we had brought forward and adhered to this concept, we would not have proposed "taking class struggle as the key," neither would we have considered the contradiction between the proletariat and the bourgeoisie the principal contradiction remaining unchanged during the entire socialist period, nor would we have gone to the extreme and initiated the so-called "Great Cultural Revolution" in which a large number of revolutionary leading cadres were overthrown as "capitalist roaders," resulting in grave disaster for the party, state, and people of all nationalities. Thus we can see that whether the principal contradiction is clearly seen and grasped is a matter of great importance. [paragraph continues]

Since the 3d Plenary Session of the 11th CPC Central Committee, the Central Committee has explicitly pointed out that after the basic completion of socialist transformation, the principal contradiction China is to solve is the contradiction between the ever-growing cultural and materal needs of the people and the backward social productive forces. This is entirely correct, and in conformity with China's objective reality.

II

At a comparatively early date, Comrade Liu Shaoqi gave clear explanations on the root causes of the rise of the two different categories of social contradictions in socialist society, their nature, and their development from the relations between production relations and productive forces, and between the superstructure and the economic base. Based on the change in the principal social contradiction at the beginning of the fifties, and the basic completion of the socialist transformation of production means after the founding of the PRC, Comrade Liu Shaoqi pointed out: "The superstructure in the past was a reactionary one, and so were the production relations. In the past, the reactionary classes represented backwardness, while the revolutionary classes represented progress. Therefore, the contradictions between the superstructure and the economic base, between production relations and productive forces and between progress and backwardness once demonstrated themselves as contradictions between the enemy and ourselves. However, this condition has now changed, the domestic situation has undergone fundamental changes, the reactionary ruling classes have already been eliminated, and the bourgeoisie has also been basically eliminated. The contradictions between the superstructure and the economic base, between production relations and productive forces, and between progress and backwardness today display themselves as contradictions not between the reactionaries and the revolutionaries, but among the people." (pp 298-299). For example, the present superstructure is the government led by the CPC, including politics, the law, and culture, and the contradictions between all these elements of the superstructure and the economic base have become contradictions among the people. Production relations today chiefly comprise socialist ownership by the whole people and collective ownership, as well as the distribution relations determined by these two systems of ownership; therefore, the contradictions betweeen socialist production relations and productive forces "are internal contradictions of socialist ownership, internal contradictions of ownership by the whole people, and internal contradictions of collective ownership, which are also contradictions among the people". (p 298). However, as remnants of old classes, old production relations, and some aspects of the old superstructure still exist in socialist society, and reactionary classses and the aggressive forces of imperialism still exist internationally, antagonistic contradictions and class struggle will continue to exist within a certain realm over a long period of time.

Ideologically speaking,materialism and idealism are two diametrically opposed ideological systems. The contradictions between them "often manifested themselves between classes and between ourselves and the enemy in the past." Thus, antagonistic contradictions also existed.

But now, a basic change has taken place in China's class relations, and such contradictions "are manifested not between the enemy and ourselves, not between antagonistic classes, but among the people. The two ideologies, materialism and idealism, true and false, as well as right and wrong, exist among the people. Therefore, these contradictions manifesting themselves among the people are nonantagonistic, and they are contradictions among the people." (p 30)

Idealism has different manifestations among the people, but the most concentrated and conspicuous forms of manifestation are subjectivism and dogmatism. Looking at it from a philosphical angle, we can say that subjectivism and dogmatism are precisely idealism in practical work. This is because idealism is wont to start from subjective wishes, without taking into consideration actual objective conditions. Beautiful wishes will eventually become castles in the air once divorced from actual conditions; and in the end,not only will one's ideals not be realized, but they will play the role of impeding social development. In handling the relation between subjective wishes and objective reality, subjectivism does not put objective reality first, so that it may truthfully reflect and conform to objective reality; on the contrary, it reverses the relation between matter and consciousness, in which matter determines consciousness, while the latter derives from the former. It runs counter to objective law in its actions, and forces the objective to be subject to the blueprint of subjective imagination. Dogmatism ignores changes in time, place, and conditions, regards rules in books as being of the first importance, and demands that changed objective condtions match the rules brawn from other objective conditions and printed in books or documents. The result also runs counter to objective law, divorcing the subjective from the objective, which likewise reverses the relation between matter and consciousness. Therefore, Comrade Liu Shaoqi said: "Subjectivism and dogmatism are nothing but idealism!" (p 300) However, among the people, the contradictions between materialism and idealism and dogmatism are nonantagonistic, and should be solved on the basis of the principles of handling contradictions among the people.

The differing natures of contradictions must be clearly distinguished, and should not be confused. However, under certain conditions, the two categories of contradictions of differing nature may be mutually converted. It is necessary to fully underastand the characteristics, conditions, and development of contradictions, so that the conversion of contradictions may develop in the direction favorable to the socialist cause. As mentioned above. regarding the contradictions between the enemy and ourselves, we should chiefly adopt the measures of struggle and dictatorship for their solution, which is the basic principle. However, under specific conditions, some contradictions between ourselves and the enemy may be handled as contradiction among the people, in order to favor the development of the socialist cause and to narrow the targets of attack. That means that regarding the contradictions between ourselves and the enemy, the measures of coordination and reconciliation may also be adopted when needed. China's socialist practice has fully proved the correctness of this concept, but it has simultaneously proved that once the contradictions among the people are handled as contradictions between ourselves and the enemy, once attention is attached to struggle but not to unity, the results can be very grave.

Aiming at the new conditions and new problems emerging in society in 1957, when socialist transformation was basically completed in China, Comrade Liu Shaoqi promptly and profoundly analyzed the "manifestations in great number," and the "specific manifestations" of contradictions among the people, and pointed out that "contradictions among the people are at present manifesting themselves in great number between the people and the leaders. To put it more accurately, they are manifesting themselves in the contradictions between the bureaucratism in leadership and the people." (p 303) In his analysis, Comrade Liu Shaoqi went on to say that, generally speaking, in this contradiction, bureaucratism in leadership is often the principal aspect of the contradiction. Regarding the unhealthy phenomena in society, and the failure to promptly solve the rational demands of the people, leading members should always bear responsibility for them. If the leadership should ignore the rational demands of the people or the unhealthy phenomena in society, the contradictions between the people and the leadership will conspicuously manifest themselves. True, completing and perfecting the system is one aspect of appropriately solving these contradictions, but we should not make light of bureaucratism in leadership. If leading organs had refrained from committing bureaucratism, the contradictions between the leadership and the masses would never have become so tense, neither would some important political incidents have occurred. In addition, Comrade Liu Shaoqi also believed that the contradictions among the people manifested themselves particularly in problems of distribution, which had a bearing on the living standards of the people themselves, and of whether the leadership adhered to the socialist principle of material interests regarding the fruits of their labor. The distribution principle of socialist countries is distribution according to work, being fair and rational. Failure in implementing this principle would give rise to complaints by the masses, and all kinds of contradictions, when production development would be impeded.

Do political-legal organs purely handle contradictions between ourselves and the enemy, or do they also handle some contradictions among the people? That was also a new question put forth at that time. In his article "Political-Legal Work and Correctly Handling the Contradictions Among the People," Comrade Liu Shaoqi explicitly pointed out that "public security organs, the procuratorate, and the courts of justice are dictatorship organs of the enemy; but as regards the people, they become organs for handling contradictions among the people." (p 451) He required that "under the conditions of the proletarian dictatorship, the state is also an educational organ. It is not enough to rely on school education to educate the people in becoming communists. You are apparatuses of dictatorship, but simultaneously you will have to take up the task of educating the people and handling contradictions among the people." (p 452) The chief functions of dictatorship apparatuses of socialist countries are of course to deal with the enemy and to defend the socialist system. However, dealing with contradictions between ourselves and the enemy involves not simply suppression, but a huge volume of work in education and reformation; and great efforts should be devoted to doing a good job in the conversion of contradictions, so that convicts may be reformed into new men through labor, and negative factors may be changed into positive ones. This is on the one hand. [paragraph continues]

On the other, minor offences also exist in huge volume among the people, and the socialist legal system is the manifestation of the will of the working class and the people, used not only to deal with the enemy, but the more so to regulate economic, political, cultural, and social life among the people and to maintain social order and public security, as well as a political situation of stability and unity, so that work and production may be carried on normally. The political-legal organs should educate every one of the people to observe the socialist legal system; they should adhere to the principle that the law must be observed where it exists, and that those violating the law must be dealt with. Regarding illegal activities among the people, they should be solved according to the Constitution and legal procedures, and handled with the measures of education, criticism, and even the meting out of appropriate punishment. Regarding such contradictions in the daily lives of the people as family, marriage, and property problems, political-legal departments should also handle them impartially according to the law, in situations where no solutions can be found between people, in order that the contradictions among the people may be handled more appropriately.

Contradictions among the people are based on unanimity of basic interests, hence, diametrically opposed antagonism does not exist. Comrade Liu Shaoqi on several occasions mentioned that contradictions among the people could be solved by means of combination. That was also an original idea. For example, in socialist countries, differences (contradictions) exist between party and nonparty members, and between party organizations and trade union organizations, which can be solved through the measure of combination. As another example, differences also exist between the vanguard of the proletariat and the workers, as well as between their views and demands of the trade unions, because of the difference in their political consciousness. The method for eliminating such differences is to unify the requirements and targets of the workers and the communist party; the combination of their different demands and targets is the most fundamental and constant task for all communists and advanced workers in union work. (p 98) As still another example, differences also exist between the targets of the cooperatives organized by the peasants and those of the vanguard of the working class. In order to eliminate the differences between them, "the vanguard has the responsibility to constantly and appropriately combine the different demands of the two different sets of targets." (p 101) In socialist society, national, collective, and personal interests are as identical as they are contradictory, and we should closely combine the interests of the three. All this demonstrates that adopting the method of combination as a solution to social contradictions is also a new characteristic of the social contradictions in socialist society. But of course, as mentioned above, it does not mean that the combination referred to by Comrade Liu Shaoqi is free of struggle, as with unity.

To sum up, back in the early fifties, Comrade Liu Shaoqi had already put forth and explored the question of contradictions among the people. After the publication of Comrade Mao Zedong's article "On the Correct Handling of Contradictions Among the People," Comrade Liu Shaoqi carried out further study and discussions on the contradictions among the people from the angle of Comrade Mao Zedong's views on productive forces and production relations (economic base) and superstructure. These concepts are still of very real significance for our correct handling of the contradictions among the people today.

LI GUIXIAN SPEAKS ON UNITY AT ANHUI MEETING

OW190637 Hefei ANHUI RIBAO in Chinese 2 Jul 86 p 1

[Excerpts] On the afternoon of 1 July, more than 170 highly respected retired members of the Red Army and retired veteran cadres happily attended a get-together at the Anhui Provincial CPPCC Committee auditorium. The meeting was held jointly by the Anhui Provincial CPC Committee and the Anhui provincial people's government for veteran cadres on the occasion of "1 July."

Responsible comrades of the party, government, and Army in the province, including Li Guixian, Wang Yuzhao, Wang Guangyu, Shi Junjie, and Zhang Linyuan, as well as responsible comrades of Hefei City, PLA units stationed in Anhui, and provincial departments concerned attended the meeting.

Filled with revolutionary sentiments, comrades attending the meeting exchanged greetings, talked, and laughed loudly, celebrating the 65th anniversary of the founding of the Communist Party of China in a victorious mood.

The meeting was presided over by Shi Junjie, deputy secretary of the provincial CPC Committee. Li Guixian, secretary of the provincial CPC Committee, spoke at the meeting. [passage omitted]

Comrade Li Guixian said: Anhui has abundant natural resources and many talented people. It occupies an important position and can play an important role in building the four modernizations in our country. The party Central Committee places great hopes on the work in this province. We cannot do a good job in carrying out various tasks without the participation and support of veteran cadres. I earnestly hope that all veteran cadres offer plans and make contributions to revitalizing Anhui's economy and helping people get rich. We must strive to strengthen unity within the party and with other parties and nonparty personages, unity between new and veteran cadres, and unity of people of all nationalities. We should give full play to all positive factors, unite as one, and do our best to further improve and accelerate economic construction in this province. We should keep to the ideology and line of seeking truth from facts, further consolidate the political situation of unity and stability, and develop the excellent situation. We should always show concern for the people's living and hardships, strengthen contacts between the party and the people, and adopt effective measures to improve peoole's living, especially the livelihood of people in the old revolutionary base areas. We should help the people get rich as quickly as possible.

Comrade Li Guixian emphatically pointed out: The party Central Committee has always shown concern for veteran cadres and attached importance to their work. Party committees at various levels must follow the instructions of central leading comrades to respect veteran cadres and do a good job in our work related to veteran cadres. We should implement the "two treatments" [liang ge dai yu 0357 0020 1769 6657] for retired cadres, strive to take better care of veteran cadres, and fully develop their capabilities.

Following Comrade Li Guixian's speech, the provincial cultural departments provided colorful performances. A happy festival mood permeated the get-together from beginning to end.

SHENZHEN ANNOUNCES NAMELISTS FOR NEW LEADING BODIES

HK171446 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1328 GMT 17 Jul 86

[Report by Zhan Moujun: "Shenzhen City Reorganizes Its Party and Government Leading Bodies" — ZHONGGUO XINWEN SHE headline]

[Text] Shenzhen, 17 Jul (ZHONGGUO XINWEN SHE) -- After reorganizing its party and government leading bodies, Shenzhen City announced their namelists yesterday.

The members of the reorganized leading body of the Shenzhen City CPC Committee include: Li Hao [2621 3493], secretary of the party committee; Qin Wenjun [4440 2429 7486] and Zhou Xiwu [0719 3305 5294], its deputy secretaries; Li Haidong [2621 3189 2639], Zou Erkang [6760 1422 1660], Wen Guiqing [2429 6311 3237], Huang Jiyou [7806 4949 0645], and Yu Dehai [5713 1795 3189], members of its Standing Committee.

The members of the reorganized leading bodies of the Shenzhen City people's government are Mayor Li Hao and Vice Mayors Zhou Xiwu, Zou Erkang, Li Guangzhen [2621 1639 6966], Li Chuanfang [2621 0278 5364], Zhu Yuening [2612 1878 1337], and Zhang Hongyi [1728 7703 5030].

Shenzhen's new party and government leading bodies have six new members. They are Qin Wenjun (previously director of Guangdong Provincial Policy Research Office), Li Haidong (previously vice chairman of Guangdong Provincial Economic Commission), Huang Jiyou (previously commissar of Shenzhen Garrison Command), Yu Dehai (previously deputy secretary of the Shekou Industrial Zone's party committee), Zhu Yening (previously deputy director of the State Council's Investigations and Survey Office [tiao yan shi -- 6148 4282 1358], and Zhang Hongyi (previously director of the Shenzhen branch of the Bank of China). These six persons are all graduate of institutions of higher learning and they are all quite young. For example, Zhang Hongyi, Zhu Yuening, and Li Haidong are about 41 or 42 years old. They have worked as leaders at central or provincial leadership organs or grass-roots units.

The average age of the 12 members of the reorganized party and government leading bodies is 50. Eight of them are graduates of institutions of higher learning.

Yesterday, in addition to announcing the formation of new party and government leading bodies, the formation of a group to make preparations for the Shenzhen City People's Congress was also announced. Zhou Ding [0719 7844], previously a deputy secretary of the Shenzhen City CPC Committee and a vice mayor, is the group's leader. His deputies are Luo Changren [5012 2490 0088], previously a vice mayor of Shenzhen, Zhen Xipei [3914 6932 1014], and Wu Xiaolan [0702 1420 5695].

GUANGDONG'S LIN RUO URGES OVERCOMING CALAMITY

HK171045 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 17 Jul 86

[Text] Yesterday, while inspecting the serious calamity caused by No 7 violent typhoon of this year in Mexican Prefecture, Guangdong Provincial CPC Committee Secretary Lin Ruo stressed: The disaster area must urgently mobilize, take vigorous measures to quickly crash-reap the inundated early rice and peanuts, and reduce losses as far as possible.

At the same time, it is necessary to seriously do well in grasping the crash-sowing of late rice and the arrangements for the victims of the diaster, to promptly repair and protect the embankments, to crash-repair water conservation facilities, including channels and dams, and to ensure that late rice production will not be affected.

Comrade Lin Ruo hoped that the cadres and masses of the diaster area will enhance their confidence of overcoming the calamity, carry forward the spirit of self-reliance and hard struggle, and rely on their own efforts to overcome the calamity. It is essential to draw experience and lesson from this; to be determined to do a good job in afforestation, greening, and water and soil conservation; and to improve the ecological environment. In doing so, we can reduce the natural calamity and ensure a bumper agricultural harvest.

HENAN CONTINUES DRIVE AGAINST ECONOMIC CRIMES

HK180625 Zhengzhou HENAN RIBAO in Chinese 7 Jul 86 p 1

[Report by correspondents Gu Xiaoqian and Qin Youtang: "Provincial Procuratorial Departments Score Marked Achievements in Cracking Down on Economic Crimes"]

[Text] Since the beginning of this year, the procuratorial departments in our province have firmly grasped the work of cracking down on economic crimes and have made marked achievements in this respect. By the end of May, they had handled more than 2,200 economic cases of various kinds and retrieved an economic loss totalling more than 10 million yuan. In particular, they had handled a number of major and important cases, including more than 370 cases involving a sum of over 10,000 yuan.

Since January this year, the procuratorial departments in our province have adopted a series of powerful measures to push forward the struggle against economic crimes on the basis of the breakthrough made in the second half of last year. When handling cases, the leaders of the procuratorial organs at various levels went right to the front line and personally handled the major and important cases. While making an overall arrangement and taking all factors into consideration, they made the key points stand out. When there were obstructions in the course of handling cases, they personally removed the obstacles and solved the difficulties, ensuring the smooth handling of the cases. In Zhumadian Prefecture, since the branch offices there adopted the responsibility system for chief procurators to personally handle cases, some 60 new cases were placed on file for investigation and prosecution in the space of half a month from 20 April to 5 May, thus opening up a new prospect in this work.

While handling the cases, the procuratorial organs at all levels have also paid great attention to improving the work style of the cadres and policemen and their ability to handle cases. The procuratorate of Shangqiu County needed only 24 hours to crack a swinding case involving more than 100,000 yuan.

From 28 June to 3 July, the provincial procuratorial departments held a meeting in Shangqiu County to exchange experiences. Zhang Siqing, deputy procurator-general of the Supreme People's Procuratorate, and Song Zhaosu, a member of the provincial CPC Committee Standing Committee and secretary of the provincial Political and Legal Committee, attended the meeting. The meeting decided to give a first-class merit citation to the Shangqiu County Procuratorate and to the Longting District Procuratorate in Kaifeng City, and give a second-class merit citation to the Zhengzhou City Procurate and other units.

BEIJING AIR FORCE GUIDES PARTY RECTIFICATION

OW180357 Beijing XINHUA Domestic Service in Chinese 0802 GMT 17 Jul 86

[By reporter Cai Shanwu]

[Excerpts] Beijing, 17 Jul (XINHUA) - Xu Lefu, party secretary and political commissar of the Air Force under the Beijing Military Region, went down among units on nine occasions to guide party rectification. The Air Force Party Rectification Office recently circulated his solid experience and meticulous work in guiding party rectification.

In April last year, after having completed the party rectification task in the Air Force party committee and organs, the Beijing Military Region began party rectification in corps, division, regiment, battalion, and in units below battalion level. It is now a year later. Xu Lefu, who is responsible for the work, explained party rectification in the whole military region in two words; the first being "solidness," meaning proceeding from reality and stressing practical results; the second being "strictness," meaning strict checking during party rectification to guarantee quality. On nine occasions, he went down among units and personally presided over discussion/meetings, hearing suggestions from party members and the masses. He also took part in checking-and-examination meetings attended by the main leading members of lower-level party committees, where problems were speedily solved. [passage omitted]

Since last year, Xu Lefu has had many heart-to-heart talks with 100 leading cadres and party members during his visits to units to guide party rectification. In accordance with the special characteristics of each person, he did a lot of meticulous ideological work with many people.

His direct style has won him the initiative in guiding party rectification in his subordinate units. Experiences from party rectification, gathered by him or by organs' cadres at his prompting, were promptly promoted. As these experiences came from practice, they were instrumental in he Beijing Military Region's Air Force party committee for correctly guiding troops' party rectification work.

NI ZHIFU AT TIANJIN ROAD OPENING CEREMONY

SK170156 Tianjin TIANJIN RIBAO in Chinese 2 Jul 86 p 1

[Excerpts] Yesterday, when the people were happily celebrating the 65th anniversary of the founding of the party, the central ring road was decorated with fluttering colorful flags. The beating of gongs and drums resounded to the skies, At 0900, Ni Zhifu, secretary of the municipal CPC Committee, cut the red silk ribbon on the Zhongshanmen overpass. Ten thousand pigeons and 1,000 colored balloons soared into the sky to declare the completion of the 34.5 5-km ling central ring road and its opening to traffic. The main artery of communications of Tianjin Municipality began to beat.

The ceremony to mark the opening of the central ring road to traffic was presided over by Zhang Zaiwang, chairman of the municipal People's Congress Standing Committee. Major Li Ruihuan gave a speech. He called on all fronts and all units throughout the municipality to emulate the spirit of the central ring road builders of bringing benefit to mankind, to study the experiences gained in building the central ring road, to overcome difficulties in the road of advance, and to promote the development of all fields of work.

Liu Lantao, vice chairman of the National CPPCC Committee; Ma Yuhuai, adviser to the Ministry of Forestry Industry; He Haoju, chairman of the Sichuan Provincial People's Congress Standing Committee; and Zhang Junqiu, a well-known Beijing opera performer, also attended the ceremony and toured the full length of the central ring road.

Also attending were Wu Zhen, Nie Bichu, Yan Dakai, Chen Bing, Yang Jingheng, Wang Shudong, Ji Zenghui, He Guomo, Chen Yiyi, Zheng Guozhong, Bai Hualing, Li Huifen, Zhang Lichang, Wang Peiren, Bai Hua, Li Zhongyuan, Zhao Jun, Liu Zenghkun, Xu Ming, Yang Jianbai, Fan Quan, Han Tianya, Yu Fujing, Shi Jian, Yao Jun, Liu Jinfeng, Li Changxing, Mao Changwu, Xiao Yuan, Zhou Ru, Huang Yusheng, Yu Songting, Chen Ruyu, Liao Canhui, Zheng Wantong, Huang Yanzhi, Cao Zhongnan, Wang Enhui, Lu Da, Li Shusen, Wu Zhen, and Tan Songping [passage omitted]

Prior to the ceremony, leading municipal leaders met with the personnel who had rendered meritorious service on the construction of the central ring road and posed for a group photo with them.

TIANJIN CADRES ATTEND LECTURE ON CIVIL LAW

SK210515 Tianjin TIANJIN RIBAO in Chinese 9 Jul 86 p 1

[Text] The 4-month legal knowledge popularization study class for leading Tianjin municipal cadres held its ninth lecture on the law of civil procedures yesterday. Up to that lecture, the scheduled course of the legal knowledge popularization study class has been completed. A review of the lectures began.

Attending yesterday's study class were more than 200 persons, including Ni Zhifu, secretary of the municipal CPC Committee, Nie Bichu, deputy secretary of the municipal CPC Committee, Zhang Zaiwang, chairman of the municipal People's Congress Standing Committee, and Yang Jingheng, Wang Shudong, Chen Yiyi, Zhang Dinghua, Bai Hua, Liu Zengkun, Xu Ming, Yang Jinabai, Han Tianya, Yu Songting, Liao Canhui, and Zheng Wantong, as well as responsible comrades of various municipal departments, commissions and offices.

This legal knowledge popularization study class for leading municipal cadres began on 11 March and presented lectures on "basic theories on the science of law," the "Constitution," the "marriage law," the "general principles of civil code," the "economic contract law," the "criminal," the "law on criminal procedures," and the "inheritance law."

Comrade Ni Zhifu came to class early yesterday morning. He listened to the teacher's lecture conscientiously. During the class intermission, he exchanged his study experience with the comrades around him and talked with them about how to strengthen the building of the legal system in Tianjin Municipality.

HEILONGJIANG SECRETARY ATTENDS LOCAL ARMY CONGRESS

SK200650 Harbin HEILGONGJIANG RIBAO in Chinese 8 Jul 86 p 1

[Excerpts] On 5 July at the sixth party congress of locally stationed PLA units, Political Commissar Dong Yisheng stressed in his work report the issues of furthering the activities to promote the socialist spiritual civilization cooperatively by the armymen and the civilians, and greatly strengthening the unity between the Army and the government, and between the Army and the people. [passage omitted]

Representatives to the congress reviewed their achievements but did not feel satisfied. They were determined to continuously promote those activities focusing on improving social conduct during the Seventh 5-year Plan period. They also put forward a new fighting goal: to establish and improve an initial network of civilized cities and towns composed of eight cities and eight counties (towns) and centering on Harbin by 1990, and to strive to create more civilized units together with civilians. In the first 2 years, 65 percent of the total targeted number of civilized units should be completed, and in the latter 3 years, 80 percent should be completed. In particular, new developments should be achieved in the experiences of a certain PLA unit stationed in Jiamusi in building civilized units together with civilians; in those of a certian PLA unit stationed in Daqin in promoting its own spiritual civilization units; and in those of a certain PLA unit stationed in Qiqihar in cooperating with individual business households to promote the spiritual civilization. In 5 years, more than 2 million work days should be devoted to local construction, averaging more than 400,000 work days a year. In addition, manpower should be concentrated every year on one or two large-scale construction projects which need more than 100,000 work days each.

Sun Weiben, secretary, and Li Genshen, Liu Chengguo, and Zhou Wenhua, deputy secretaries of the provincial CPC Committee; and He Shoulun, deputy governor; attended the congress. Sun Weiben spoke. He highly praised the units for their achievements in party building, military and political training, and the activities to build civilized units cooperatively with civilians, and urged the masses of commanders and fighters to make unremitting efforts to win greater honor.

HEILONGJIANG REVIEWS COUNTY PARTY RECTIFICATION

SK200316 Harbin HEILONGJIANG RIBAO In Chinese 8 Jul 86 p 1

[Excerpt] Our province has achieved notable results in county-level party rectification, with party members enhancing their party spirit, party style being corrected, and party discipline safeguarded. The party rectification has facilitated reform and economic construction.

At present, the county-level party rectification of our province is drawing to an end. As soon as the party rectification began, all units emphatically paid attention to enhancing party spirit and correcting party style with the purpose of fulfilling the four basic tasks for party rectification. In view of the problems that some party members were listless, did not hold fast the purpose of serving the people, and had little respect of organization, all localities emphatically coducted education on ideals, the purpose of the party, and discipline, and exerted more efforts to enhance the political consciousness of party members, thus further unifying their understanding of the party's line, principles and policies, enhancing their confidence in reform, eliminating the idea of "doing everything for money's sake" and other wrong ideas, and enabling them to foster a firm communist belief and the idea of serving the people wholeheartedly. More and more people strove to become fine party members and exemplary cadres. The county-level party rectification units throughout the province named and commended 2,865 fine party members.

Focusing on the key link of correcting party style, all localities made sure that mistakes were redressed in the course of party rectification, and a great number of problems of party-member cadres who abused power for selfish gains, about which the massess had many complaints, were solved. For example, unwarranted bonuses and "small red envelopes" were returned; public funds used for extravagant wining and dining and the money given as gifts were paid back; discipline violation in housing construction, purchasing and marketing, and job arrangements for one's children, relatives and friends in violation of policies were examined and corrected; and embezzled money, bribes, and overdue public funds were also paid back.

With regard to serious cases involving power abuse for selfish gains and law and discipline violation, which were exposed during party rectification, all localities conscientiously investigated and handled them through such measures as placing the cases on file at different levels and assigning competent departments to handle them, with their leaders assuming the responsibility, and organizing specialized personnel to conduct investigations. Party and administrative discipline was taken against a group of party members who had violated discipline. Party members who were totally unqualified or basically unqualified were not allowed to register or had their registration postponed, thus ensuring the purity and exemplariness of party organizations. When investigating and handling cases, all localities also handled some typical cases publicly, thus enabling party members to receive a profound eduction on party spirit, party style and party discipline. [passage omitted]

HEILONGJIANG SECRETARY ON RECTIFYING PARTY STYLE

SK190254 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 18 Jul 86

[Text] The provincial meeting to exchange experiences in correcting party style, with the participation of the top leaders of prefectures, cities and provincial-level units, concluded today. It called for efforts to conscientiously strengthen leadership and persisently maintain the situation in which the whole party attends to party style.

Sun Weiben, secretary of the provincial CPC Committee, summed up the work to correct party style done by the province in the first half of the year. He said: In the first half of this year, party organizations at all levels throughout the province placed the correction of party style high on their agenda. Playing an exemplary role, leading organs and leading cadres actively enforced the responsibility system and started with the investigation and handling of cases to correct party style. They did a great deal of work and achieved marked results in rectifying party style and correcting unhealthy trends.

Speaking on the tasks for correcting party style to be carried out in the latter half of this year, Sun Weiben pointed out: Correcting party style is both an urgent and an arduous long-term task. Party organizations at all levels should continue to grasp it firmly and carry it out persistently. After consolidating the achievements that the whole party scored in correcting party style in the first half of this year, we should correctly understand and handle the relationship between rectifying party style and carrying out reform in the latter half of the year. We should correct unhealthy trends in all fields with the focus on correcting the unhealthy trends of various trades.

We should thoroughly solve the problems in ideology and work styles, and the problems of individualism, bureaucracy and liberalism, and strive to eliminate practically all the six unhealthy trends pointed out by the central authorities by the end of August without leaving any one unchecked. We should eliminate practically all the unhealthy trends about which the masses have the greatest complaints by the end of this year so that the regular practice of all trades can be improved notably.

While eliminating unhealthy trends with great efforts, we should actively foster healthy trends, commend the advanced, conduct education on the purpose of the party, ideals, discipline and professional ethics, and launch various activities to render civilized and top-quality service. We should consolidate and develop the achievements in party rectification. Following the deepening of the work to correct party style, leading organs and leading cadres should continue to play their exemplary role, take more initiative in examining and redressing their own problems, and develop healthy trends and remain uncorrupted. Leading organs and leading bodies should make public all the rules and regulations they have formulated to redress all the existing problems, and subject themselves to the supervision of the masses.

In correcting party style, party committees at all levels should pay attention to the major areas and typical cases. All prefectures, cities, and units hould also give different guidance according to different local characteristics. They should help to push forward the work of the units which have done a poor job in fundamentally improving party style. With regard to the units which have serious problems, they should treat them seriously, investigate and affix the responsibility of their leading persons, and interrogate some persons whose cases are typical.

Comrade Sun Weiben also pointed out that it is necessary to continue the investigation and handling of major and appalling cases with firm efforts to thoroughly investigate and conclude by the end of September all the cases that had been placed on file by the end of June this year, and to conclude by the end of this year most of the cases that have been placed on file by the end of September. In addition, it has called for efforts to conduct education on party spirit, party style and party discipline in a systematic manner at regular intervals. This year emphasis should be placed on enabling party members to restudy the party Constitution and the guiding principles for inner-Party political life while correcting party style so that they can cultivate the habit of taking the initiative in acting according to the party Constitution and the guiding principles. We should straighten out discipline, personnel discipline in particular, and conscientiously correct unhealthy trends in employment. We should also continue to improve the work style of offices to raise work efficiency.

Sun Weiben concluded: The tasks for rectifying party style for the latter half of this year are very arduous. However, as long as concerted efforts are exerted by the whole party, the goal to bring about a fundamental turn for the better in party style will be attained on schedule.

Hou Jie, deputy secretary of the provincial CPC Committee, also spoke today to summarize the meeting. Participants to the meeting discussed Comrade Sun Weiben's speech. Zhou Wenhua, deputy secretary of the provincial CPC Committee, put forward specific opinions on how provincial organs should implement the guidelines of this meeting. (Zhao Da), director of the party rectification office of the provincial CPC Committee, worked out plans for the province's party rectification for the latter half of this year.

Attending were leading comrades of the six provincial-level bodies, including Li Genshen and Liu Chengguo, deputy secretaries of the provincial CPC Committee; Chen Lei, chairman of the provincial Advisory Commission; Li Jianbai, chairman of the provincial People's Congress Standing Committee; Wang Zhao, chairman of the provincial CPPCC Committee, and Wang Fei, secretary of the provincial Discipline Inspection Commission. Also attending were some retired cadres at and above the deputy chief level of provincial organs, including Zhao Dezun and Wang Yilun.

HEILONGJIANG COMMENTARY ON CORRECTING PARTY STYLE

SK190457 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 18 Jul 86

[Station commentary: "Grasp Party Style To Promote Reform"]

[Text] In rectifying party style, we should properly handle its relationship with reform, and grasp party style to promote reform. Rectifying party style and carrying out reform successfully are two tasks which supplement each other and should be carried out simultaneously. A success in the former will create a good social environment for the latter, and ensure its smooth progress along the socialist orientation. However, in carrying out their day-to-day work, some comrades have not clarified the relationship between rectifying party style and reform, holding that the former will inevitably affect the latter, putting the former against the latter, or thinking that they are two different things without any relations. Such ideas are wrong.

To correctly handle the relationship between rectifying party style and reform, we should investigate and study new situation, and solve new problems. We should neither overestimate the seriousness of unhealthy trends and resort to malpractices to correct them, nor should we lose the courage to correct the unhealthy trends, discipline violations, and criminal cases that we should correct and investigate whenever we hear some gossip or rumors. We should not be too surprised at the mistakes committed during the explorations for reform, and take the road back, nor should we be influenced by the people who, flaunting the banner of supporting and protecting reform, plead for lawbreakers and criminals. With regard to those who take advantage of the loopholes in reform to violate law and discipline, we must never make their mistakes sound less serious, and then never reduce them to nothing at all. In short, we should seek truth from facts, and concientiously draw a clear demarcation line between reform to enliven the economy and unhealthy trends, and between the explorations and creations made in reform and law and discipline violations. We should support the comrades engaging in reform, and help them eliminate misgivings and difficulties. With regard to those who take advantage of the loopholes in reform to indulge in unhealthy trends, violate law and discipline, and undermine reform, and those who frame others, we should resolutely investigate and strictly punish them so that the correction of party style and reform can proceed smoothly.

GANSU LEADERS MEET YUNNAN FRONTLINE DEPENDENTS

HK210215 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 19 Jul 86

[Excerpt] Leading comrades of Gansu Province and Lanzhou Military Region, including Li Ziqi, Jia Zhijie, Lu Kejian, and Ma Weizhi, cordially met on 19 July with the participants in a forum of Gansu dependents of PLA personnel at the Laoshan front in Yunnan. Li Ziqi expressed the hope that the representatives would promptly raise any problem they needed solved, so as to attract the leaders' attention and improve the work of supporting the Army and giving preferential treatment to its dependents. Thus the fighters can enjoy ease of mind in the frontline and shoulder still better the task of guarding the motherland. [passage omitted]

XINJIANG RADIO URGES RURAL CADRES TO REPAY LOANS

HK161055 Urumqi Xinjiang Regional Service in Mandarin 0000 GMT 16 Jul 86

[Station "Short Commentary": "Rural Cadres Must Take the Lead in Repaying Loans"]

[Text] Over the past few years, many peasants in some areas of the region have borrowed money from and owe money to others, and delaying repayment of loans has become a common practice. The region's rural collective bank savings reached more than 200 million yuan several years ago, but have fallen to just over 100 million yuan now. Most of this money was borrowed by individuals who have delayed repayment again and again. In some areas, peasants' income has increased due to rapid development of agricultural production, but more and more peasants have borrowed money from others.

How is it that more and more peasants have borrowed money from and owed money to collectives under the increasingly favorable economic situation in rural areas? One of the main reasons is that some rural cadres and peasants have a poor understanding of consolidating and developing rural cooperative economy. In particular, some rural cadres failed to set a good example themselves and refused to abide by financial and accounting rules and regulations. They borrowed money from collective bank savings and some of them refused to repay the loans for a long time. Influenced by their example, some peasants also borrowed money from collectives even though they themselves had enough money to use. Seeing that cadres have refused to repay their loans, the peasants are also prepared to delay repayment of their loans for a long time.

To protect the immediate and long-term interests of peasants, all rural areas must grasp the work of recovering loans. Above all, rural cadres must take the lead in repaying loans. The experience of (Qiata) village in (Jinma) township, Zepu County has proved that provided that rural cadres at all levels adhere to financial and accounting rules and regulations, and take the lead in repaying loans, it will not be difficult to properly carry out the work of repaying all collective loans in rural areas.

VISIT BY U.S. PHYSICIST WHO VISITED PRC APPROVED

HK210951 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0946 GMT 18 Jul 86

[Text] Hong Kong, 18 Jul (ZHONGGUO TONGXUN SHE) -- The latest issue of Taiwan's SHIH PAO HSIN WEN CHOU KAN [CHINA TIMES NEWS WEEKLY] reveals the inside story of C.N. Yang's visit to Taiwan in the immediate future.

The article entitled "Inside Story of C.N. Yang's Return" says that Yang's visit to Taiwan at the end of July has widely attracted the attention of the Taiwan Government and various units concerned. Education Minister Li Huan and Director of the State Scientific Commission Chen Lu-an are the two key figures who have enabled Yang to visit Taiwan. Noted American physicist and Nobel Prize winner C.N. Yang was invited by Taiwan's Central Research Institute in 1958 to be a member of the institute. Due to the fact that he visited the mainland on several occasions, he became a "sensitive figure" in the eyes of some units concerned. After that, Taiwan's Central Research Institute regarded C.N. Yang as a "person who refused to have any contacts" because he "failed to take part in the activities of the research institute for 6 years running." Yang would "no longer be invited." Therefore, although Yang still has the honored title of member of Taiwan's Central Research Institute, he has never attended any meetings of members of the institute. Recently, the Hong Kong press reported that Dr C.N. Yang intended to visit Taiwan in September to congratulate Wu Tayu on his 80th birthday. Yu was his teacher and is director of Taiwan's Central Research Institute. In the meantime, he would visit Taiwan later this month to attend a meeting of the members of the Central Research Institute.

As revealed by SHIH PAO HSIN WEN CHOU KAN, the visit "was through Li Huan and Chen Lu-an, who reported to president of the executive Yuan Yu Kuo-hua and secretary of the KMT central headquarters Ma Shu-li and units responsible for security. They unanimously consented to the visit."

The Taiwan authorities have changed their rigid policy toward those who have visited the mainland. There is no doubt that it will be widely welcomed by the public.

PREMIER URGES PRIVATE SECTOR DEFENSE COOPERATION

OW220335 Taipei CNA in English 0247 GMT 22 Jul 86

[Text] Taipei, July 21 (CNA) -- Premier Yu Kuo-hwa said Monday that military authorities will transfer newly developed defense technologies that need not be classified to the private sector for commercial use. The government will also encourage civilian manufacturers to actively join in the production of defensive military equipment, the premier said.

Speaking at a session of the ongoing National Development Seminar, Yu said that the government will see to it in the future that the defense industry maintains close ties with private industries. He pointed out that the development of defense technologies requires huge outlays and that the military applications of these technologies are limited. To make good use of such research results, Yu said, the government has thus decided to transfer such knowhow to private industries.

Some Overseas Chinese scholars who have come to attend the seminar suggested that the government give priority to the development of electro-optics since it is closely related to national defense.

CONTROVERSY OVER DAYA BAY PLANT CONTINUES

PRC Attitude Discussed

HK210953 Hong Kong HSIN WAN PAO in Chinese 19 Jul 86 p 1

["New Talk" column: "News Items About the Daya Bay Nuclear Plant"]

[Text] New messages on the Daya Bay nuclear power plant came from both Beijing and Hong Kong yesterday.

A REUTER Beijing correspondent reported three points mentioned in Western diplomatic circles. First, the Chinese authorities are very concerned about the opposition voiced by many Hong Kong people on building a nuclear power plant at Daya Bay. Second, Vice Premier Li Peng met respectively with British and French ambassadors this week. Third, these diplomatic sources refused to disclose the contents of Li Peng's conversation but indicated that they had never heard of any policy changes on the part of China on the Daya Bay nuclear power plant.

Li Peng met the British ambassador on 14 July (Monday) and the French ambassador the next day (Tuesday). It is not known which side initiated the meetings but the reasons are understandable. The Daya Bay nuclear power plant is scheduled to use French nuclear reactors and British generators. The success or failure of the power plant is closely related to the two countries.

Wester diplomatic circles did not quote Li Peng's remraks at the meetings but explicitly pointed out that the building of the nuclear plant would be conducted according to the original plan. People can also find some indications from other sources.

China announced the day before yesterday that the State Council had approved the promulgation and implementation of the four safety regulations on the building of nuclear power plants, namely, the choice of site, design, operation, and quality control, setting strict requirements for the safety of nuclear power plants in four different aspects. The national regulations will govern the building of nuclear plants in various parts of the country in the future. Obviously, quality control at the Daya Bay nuclear power plant is subject to the four regulations.

In an interview with reporters this week, (Gu Hua Nian), nuclear industry councillor at the French Embassy in China, indicatedf that it would be impossible for the Guangdong's Daya Bay nuclear power plant, which is supplied and designed by France, to release radioactivity as the Chernobyl nuclear power plant did, because it has advanced equipment and will adopt many strict safety measures and because its safety coefficient reaches 100 percent.

He also cited the safety record of the existing French nuclear power plants as an example. There are now 47 nuclear power plants in France using pressurized water reactors and some are scores of kilometers away from Paris, Lyon, and Orleans. So far all these nuclear plants have been operating safely.

In Hong Kong, in answering a reporter's question while inspecting the Central and Western District on Thursday, Acting Governor Akers-Jones stressed: "We have indeed made our commitment and the consequences will be very serious if we withdraw, or even suggest withdrawing, from the commitment."

All these indications and all the messages received from various quarters show that the project will be conducted as normal and that there will not be any changes. In a concluding speech in the Legislative Council recess debate, Financial Secretary Piers Jacobs also said it seemed unnecessary to propose that the signing of the contract would be postponed.

It was rumored not long ago in Hong Kong that at a meeting with a certain personage Deng Xiaoping said that China would reconsider the question of the Daya Bay nuclear power plant. According to a report by a REUTER Hong Kong correspondent yesterday, a local "senior Chinese source" has clarified this issue. He said: Deng Xiaoping has never made any remarks which signify that Beijing will reconsider the question of the Daya Bay nuclear power plant.

Many people pointed out that, due to the lack of energy resources in the world, nuclear power plants have become the orientation for future development. Nuclear power accounts for 60 percent of the total electricity production in France and 30 percent in the United States. It is reported in the press today that the advisory commission of the Japanese Ministry of International Trade and Industry has proposed the building of another 122 nuclear power plants so that Japan will become a nuclear power giant in 44 years time. Japan has only four islands but a dense population. It is frequently struck by typhoons and strong earthquakes. In spite of this, Japan has drawn up such a plan. We can thus see that nuclear power is not completely without a guarantee of safety. Taken as a whole, China is still backward in science and technology, but its individual advanced departmentes have reached and even surpassed the advanced world level.

There are only two methods of solving the problem. One is to achieve a balance at the lower level by calling everything off; another is to achieve a balance at the higher level removing the contradiction. On the question of the Daya Bay nuclear power plant, the Beijing authorities have obviously opted for the latter -- respecting science and popular will, showing concern for Hong Kong, and adopting all effective measures to ensure safety. This is a scientific and technological issue. It will not bring any good to develop it into a political one.

Petition Group To Visit Beijing

HK210402 Hong Kong SOUTH CHINA MORNING POST in English 21 Jul 86 p 1

[Text] Leaders of the joint pressure group lobbying against nuclear energy yesterday set aside their differences and decided to send a petition team to Beijing.

Representatives of the team will take with them signatures of more than one million Hong Kong people who say "no" to the Daya Bay nuclear project.

A spokesman for the Joint Conference for the Shelving of the Daya Bay Nuclear Plant, Mr Hui Ching-hon, said the team will meet officials of the New China News Agency in the next few days to arrange details of the trip.

Group leaders were previously split on whether to go north to lobby for their cause.

Some feared that the Beijing trip would annoy the Chinese Government and harm China-Hong Kong relations.

The joint conference comprises more than 100 labour, environmental, educational and religious organisations.

Campaigners are continuing their territory-wide signature campaign and have not set a closing day.

Commenting on the 1.02 million signatures collected, Mr Hui said he believed that the problem of duplicated signatures is minimal.

However, the campaigners have no intention of finding out the size of the problem because of limited resources.

"I believed only a few have put their names twice on our list," he said.

Meanwhile, Legislative Councillor Mr Szeto Wah said the public opinion survey commissioned by the SUNDAY MORNING POST, which revealed that 72 per cent of the public were against the Daya Bay project, confirmed Hong Kong people's worries over the issue are genuine and overwhelming.

The survey also found that despite the Government's conviction that pressure groups were behind the anti-nuclear campaign, only nine per cent of the public support this view.

Commenting on this, Mr Szeto said: "Based on my long experience in campaign work, pressure groups can never mobilise people for any course if the public do not really think what they are doing iscorrect and justified."

But another Legislative council member, Mr Ho Saichu, expressed reservation on the findings.

He said that since most people interviewed had complained about the lack of information over the nuclear plant, it was premature for them to have concluded that the project should be scrapped.

CHINA BUILDS 13 EXPORT SHIPS IN FIRST HALF OF YEAR

HK180811 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1053 GMT 17 Jul 86

[Excerpt] Hong Kong, 17 Jul (ZHONGGUO TONGXUN SHE) -- It is learned from Beijing that in the first half of this year China State Shipbuilding Corporation undertook contracts to build a total of 13 vessels (totaling over 240,000 tons) for export use, involving over $100 million. The number of vessels, tonnage and amount of money are all equal to the total volume of business in the whole of last year.

It is disclosed that China's shipbuilding industry has begun to gain publicity in the international biddings. The contract for building a 118,000-ton tanker secured by the Dalian Shipbuilding Factory and the contract for building a 18,200 cargo ship secured by the Jinan Shipbuilding Factory were won after beating all the big bidders in the international auctions attended by numerous businessmen. [passage omitted]

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FOREIGN MINISTRY HOLDS WEEKLY NEWS BRIEFING

British Journalist Expelled

OW230954 Beijing XINHUA in English 0945 GMT 23 Jul 86

[Text] Beijing, July 23 (XINHUA) -- A Chinese Foreign Ministry spokesman said here today the explusion of a foreign correspondent from China was in conformity with the agreement between China and the United Kingdom on the establishment of a British Consulate-General at Shanghai and a Chinese Consulate-General at Manchester.

John F. Burns, resident correspondent for THE NEW YORK TIMES in Beijing, was expelled from China today for violating Chinese law and engaging in activities incompatible with his status as a journalist by deliberately intruding into Chinese areas closed to aliens. Burns holds a British passport.

Asked if the detention of Burns had been in accordance with the agreement between China and Britain, the spokesman briefed the press on the relevant content of the agreement here this afternoon at the weekly news briefing.

He quoted the relevant articles of the agreement between the governments of China and the United Kingdom on the establishment of a British Consulate-General at Shanghai and a Chinese Consulate-General at Manchester: "If a national of the sending state is arrested, committed to prison or detained in any other manner in the consular district, the competent authorities of the receiving state shall notify the consular post of the sending state to that effect as soon as possible and at the latest within seven days from the time at which the personal freedom of that national is restricted."

The agreement continues, "A visit to that national as requested by consular officers shall be arranged by the competent authorities of the receiving state two days after the consular post is notified of the restriction of the personal freedom of that national. Subsequent visits shall be permitted at intervals not exceeding one month."

The spokesman said Burns violated Chinese law and the Chinese department concerned handled the case by strickly following the relevant law.

Asked if the Chinese Foreign Ministry would accept a new correspondent from THE NEW YORK TIMES, he said, as it was Burns who violated Chinese law, so the responsibility only rests with Burns. "We don't consider the person who violated the law and the newspaper to be equally to blame and I don't think the incident will affect the relations between the newspaper and the Chinese department concerned."

If THE NEW YORK TIMES is interested in sending another correpsondent to Beijing, he said, it can send an application to the department concerned through the normal channels.

Aid to Indian Rebels Denied

OW230840 Beijing XINHUA in English 0836 GMT 23 Jul 86

[Text] Beijing, July 23 (XINHUA) -- A Foreign Ministry spokesman today refuted a report by the Press Trust of India (PTI) that China is suppling weapons to the Naga rebels as "completely untrue."

In response to a question at a weekly news briefing, the spokesman said there are always some people in India who do not like to see China and India on friendly terms, concocting various kinds of rumors in an attempt to undermine Sino-Indian relations.

It is obviously with ulterior motives that the PTI has made such an unfounded report when the seventh round of talks between the Chinese and Indian officials is being held in Beijing, the spokesman said.

Belgian Prince To Visit in August

OW230921 Beijing XINHUA in English 0743 GMT 23 Jul 86

[Text] Beijing, July 23 (XINHUA) -- At the invitation of the Chinese Government, His Highness Prince Philippe of Belgium will come to China next month for an informal visit, a Chinese Foreign Ministry spokesman announced at a weekly news briefing here today.

PRC REPRESENTATIVE URGES BANNING SPACE WEAPONS

OW221434 Beijing XINHUA in English 1418 GMT 22 Jul 86

[Text] Geneva, July 22 (XINHUA) -- Chinese representative Fan Guoxiang today called for reaching new international agreements on the prevention of an arms race in outer space.

At the summer session of the United Nations Geneva Conference on Disarmament, Fan said, "It is a cause of deep concern thatr the advanced space technology in the hands of the major space powers has been used to pursue their arms race and to strive for military preponderance."

"The major space powers' efforts to use outer space for military activities will lead to further escalation of the arms race and thus pose a greater threat to world peace," he said.

He said such activities include launching military satellites, buildup of a military satellite system, searching for anti-satellite technologies and developing more sophisticated space weapons capable of destroying nuclear missiles by the two superpowers.

"The development of space weapons has caused great anxiety and concern throughout the international community," he stressed.

Although current international agreements "reaffirmed the exclusively peaceful uses of outer space," they are "inadequate" because they contain no provisions explicitly banning the arms race, military activities or weapons in outer space, Fan said.

Fan also appealed to both Washington and Moscow to "engage in earnest negotiations for the speedy conclusion of an agreement without prejudice to the interests of other states."

The 40-nation Conference on Disarmament meets annually, holding sessions in the spring and summer.

N.Y. TIMES CHIEF MEETS WITH OFFICIAL ON REPORTER

HK221022 Hong Kong AFP in English 0905 GMT 22 Jul 86

[Text] Beijing, July 22 (AFP) — NEW YORK TIMES editor E.M. Rosenthal met with a Chinese Foreign Ministry official here Tuesday to seek the release of his paper's Beijing correspondent, who is being held on suspicion of engaging in intelligence activities.

During a 30-minute meeting with Li Zhaoxing, deputy director of the Ministry's Information Department, Mr Rosenthal said that detention of correspondent John Burns had already begun to damage China's image abroad, NEW YORK TIMES foreign news editor Warren Hoge said.

Mr Li replied that Mr Burn's detention reflected the fact that China was a law-abiding country, adding that people abroad would certainly not criticize China for insisting that people living here abide by Chinese law, Mr Hoge said.

Meanwhile, Burns family friend said Mr Burns' wife, Jane Scott-Long, had been told by Chinese officials that no further visits were planned at present and that she should call back in "two or three days." Mrs Scott-Long was allowed to see her husband Monday for the first time since he was formally detained in the early hours of Friday morning here.

Mr Burns, British citizen who has been the NEW YORK TIMES correspondent here since 1984, was also allowed separate meetings with his editors and representatives of the British and U.S. Embassies.

His detention follows a motorcycle trip he made with an American lawyer and a Chinese friend to north central China that included passage through areas not open to foreigners.

The Chinese Foreign Ministry declined to comment on Mr Burns' meeting Tuesday with Mr Rosenthal and Mr Hoge. "We have lots of guests here everyday," said one official. The Ministry referred all questions concerning Mr Burns' detention to the Beijing Public Security Bureau, which declined to comment.

Mr Hoge said Mr Rosenthal had told the Foreign Ministry official that China had already made its point about foreigners in China abiding by its rules. Mr Burns is a journalist and only a joiurnalist, and is in no way involved in intelligence activies, Mr Rosenthal was quoted as saying. The correspondent's detention has already begun to damage China's reputation and the damage could be stopped by releasing him, the editor said.

U.S. officials have publicly expressed Washington's "strong concern" about Mr Burns' detention, and have said they have the fullest confidence in his journalistic integrity. British officials' response has been lower-key. They have said they are continuing to press for full information about Mr Burns and consular access.

According to Chinese regulations, a person under investigation can be held for 10 days, though in practice the period of detention can vary, Western experts said. During the first seven days investigations compile information, which is passed to the procurator, a court official whose job falls somewhere between that of the police and that of a public prosecutor. The procurator then has three days to decide whether to release the suspect, bring charges or authorize further detention.

Analysts said the lengthening period of Mr Burns' detention made it increasingly unlikely he would be able to continue his work in China if he was released, and raised the possibility that his case would be brought to trial. People who come to trial in China are virtually always found guilty and rarely get off with less than a fine and a short prison sentence.

Correspondent Expelled

OW230138 Beijing XINHUA in English 0115 GMT 23 Jul 86

[Text] Beijing, July 23 (XINHUA) -- John F. Burns, correspondent for THE NEW YORK TIMES resident in Beijing, was expelled from the territory of China for violating the law governing aliens entry into and exit from China and left Beijing this morning, an officer of the Beijing State Security Bureau stated here this morning.

The official said Burns has engaged in activities incompatible with his status as a journalist by deliberately breaking into Chinese areas closed to aliens, thereby violating "the law governing aliens entry into and exit from the People's Republic of China", from the end of June to early July.

After investigation of case, the official said, the Beijing State Security Bureau yesterday decided to expel Burns from the territory of China.

SPEECH OF U.S. AMBASSADOR ON SINO-U.S. TRADE

HK221201 Beijing GUOJI SHANGBAO in Chinese 14 Jul 86 p 3

[Report by Pei: "U.S. Ambassador to China Lord on Problems Existing in Sino-U.S. Trade at Present"]

[Text] Recently, U.S. Ambassador to China Lord spoke lengthily at the 13th annual meeting of the Sino-U.S. Trade Committee in Washington.

While affirming the rapid development of bilateral trade, Lord also spoke of the following obstacles and problems confronting China:

One, aside from exporting some sensitive consumer items, China still has to find other commodities with export potential. On the other hand, the United States is threatened with dark shadows of further restrictions in the import of textile items and of increases in petitions against the dumping of goods. prices of oil and other Chinese export commodities have declined sharply.

Two, China's policy of introducing foreign capital and accelerating development is a wise one. However, due to her profound fear of a shortage of foreign exchange and of intensification of trade imbalances, she remains very conservative in the use of foreign credits.

Three, American businessmen continue to invest in China. However, the high cost of services and goods in China, strict control of foreign exchange, limited access to China's markets, the shackles of bureaucratism, the insufficiency and unpredictability of qualified local employees, and other such problems have disappointed many American businessmen.

Four, while the United States and its allies have greatly relaxed restrictions on imports, relaxation of controls on the transfer of technology remains slow and the scope unsatisfactory.

Five, the U.S. side strove to put the nuclear agreement into effect and has discussed the question of taking part in the Changjiang Sanxia project. Now, China has postponed these projects.

Six, exchanges of people and goods on both sides have increased. However, progress has still to be made on bilateral issues on aviation and sea transport.

Lord put forward: Both sides should set about resolving some thorny issues. To this end, he made the following suggestions for the U.S. side:

First, protectionism should be resisted. If China could not sell its products to the United States, then the United States would similarly not be able to sell to China.

Second, before entering the Chinese market, American enterprises should make proper preparations. They should have a full understanding of China, master the art of operating in China, be patient, acknowledge the effective role of money in competition in China, and should sign serious written agreements to avoid disputes.

At the same time, Lord put the following proposals to the Chinese side:

One, it is necessary to restrain those bureaucratic elements who attempt to get rich instantly by extorting high prices from foreigners for housing, services, and offices.

Two, it is necessary to repudiate the practice of imposing heavy taxes on equipment imported by foreign enterprises.

Three, it is necessary to clarify the formulation and implementation of economic legislation.

Four, it is necessary to improve statistical methods.

Five, China's exports are concentrated in a very narrow range of goods which is susceptible to foreign protectionism. Hence, export of products should be diversified.

Six, it is necessary to further open up China's markets to the outside world, which will be important to China's joining the GATT.

REAGAN RULES OUT SANCTIONS AGAINST SOUTH AFRICA

OW230102 Beijing XINHUA in English 0037 GMT 23 Jul 86

["Reagan Defends South Africa Policy" -- XINHUA Headline]

[Text] Washington, July 22 (XINHUA) -- U.S. President Ronald Reagan said a deeper Western involvement is needed to achieve the elimination of the apartheid system in South Africa. "We are determined to remain involved, diplomatically and economically, with all the states of southern Africa that wish constructive relations with the United States," he declared.

The President urged the Pretoria government to set a timetable for the elimination of the apartheid system to start a dialogue with its opponents. "To achieve that," he stressed, "we need -- not a Western withdrawal -- but deeper involvement by the Western business community."

But he ruled out economic sanctions against Pretoria as a means to forcing an end to apartheid in South Africa, saying "we must stay and work, not cut and run."

He said imposing sanctions against South Africa would "destroy America's flexibility, discard our diplomatic leverage and deepen the crisis" in that country.

The President's speech, delivered at the White House before the members of two major American foreign policy organizations, was his first "comprehensive statement" on South Africa in nearly a year.

It came at the end of a month-long review of the U.S. South African policy conducted by the Reagan administration under mounting pressure from the Congress for a tougher anti-apartheid policy, including the imposition of punitive economic sanctions against Pretoria.

But Reagan defended the Pretoria racist regime, asserting that although the apartheid system still exists, "there has been dramatic change" in South Africa in recent years and that the country now falls short of achieving economic and social justice only if judged by "Western standards."

The President today categorically rejected the "emotional clamor" across the nation for sanctions, citing strategic considerations.

"It would be a historic act of folly for the United States and the West — out of anguish and frustration and anger — to write off South Africa," he stated.

Justifying his "no-sanctions" position, Reagan claimed that sanctions would only hurt "the very people we seek to help."

In this respect, Reagan said, British Prime Minister Margaret Thatcher was "right" in denouncing punitive sanctions against South Africa as "immoral" and "utterly repugnant."

While calling on the Pretoria regime to end the "repressive measures" against the black people, he termed the South African people's just struggle against apartheid as "acts of terrorism."

"In defending their society and people, the South African government has right and responsibility to maintain order in the face of terrorists," he claimed.

He condemned South Africa's strikes into neighboring states, but quickly added: "I also condemn that behavior" of the guerrillas of the African National Congress who operate "both within South Africa and from some neighboring countries".

The President also urged the Pretoria Government to release all political prisoners, including Nelson Mandela, leader of the outlawed African National Congress, to legalize the banned black political movements.

REAGAN ANNOUNCEMENT TO ABANDON SALT II VIEWED

HK180937 Beijing SHIJIE ZHISHI in Chinese No 13, 1 Jul 86 pp 5-6

[Article by Han Bin and Zhuang Maocheng: "A Signal of an Intensified Nuclear Arms Race"]

[Excerpts] Just when people are very concerned and puzzled about the fact that the U.S.-Soviet arms control negotiations in Geneva are at a standstill, on 27 May, U.S. President Ronald Reagan announced that the United States would no longer be limited by the SALT II Arms Treaty with the Soviet Union. His lengthy announcement has cast a new shadow on the U.S.-Soviet Geneva talks. This is a dangerous signal that the United States and the Soviet Union may further intensify their nuclear arms race.

Reagan's announcement said in its denounciation that "Soviet violations had seriously damaged the Strategic Arms Limitation Treaty," and declared that under such circumstances, the United States "would decide on the structure of its strategic forces in accordance with the nature and degree of the threat by the Soviet strateic forces," and "not on the basis of the SALT II Treaty." On the one hand, the announcement said that after the eighth U.S. Trident missile submarine starts its term of service this year, the United States will still dismantle another Neptune submarine in order to comply with the limits of the treaty; but on the other hand, it also said that the United States will equip its 131st B-52 bomber with cruise missiles by the end of this year regardless of the limits of the treaty. A senior official of the Reagan administration said that U.S. decision is imperative unless the Soviet Union obviously changes its attitude in the next few months.

The SALT II agreement was signed by Brezhnev and Carter in Vienna in June 1979.

From the wording of Reagan's announcement, it can be explained that the U.S. abandonment of SALT II is because the "treaty has deficiencies" and "it has not been officially ratified by the Congress," and even if it were ratified, it expired at the end of last year, and constant Soviet violations of the agreement seriously imperiled U.S. interests and security. However, observers have pointed out that Reagan's decision also conceals some other objectives.

First, this is an important step taken by the United States to further enhance its military strength in order to have a preponderance of strength over the Soviet Union in the arms race. The Reagan administration knows that a number of treaties and agreements have been signed since the United States and the Soviet Union started negotiations on nuclear arms control in 1969, but the Soviet Union has not been really limited by them. The momentum of Soviet arms expansion has not been even slightly contained. Soviet strategic weaponry has surpassed that of the United States quantitatively and qualitatively and its land-based ballastic missiles have long predominated.

Second, the announcement also intends to exert pressure on the Soviet Union and force it to make compromises in the Geneva disarmament talks. Since the talks resumed in March 1985, the two countries have been entangled in an incessant "war of proposals" on arms control and the stand of both parties on the question is being riven farther and farther from each other. No substantial progress has been so far achieved even though five rounds of talks have been held. [paragraph continues]

The second summit meeting of the two leaders scheduled to be held in the United States this year, which was proposed by them during their first meeting in November last year, seems to be uncertain because many new problems cropped up between the two countries. According to the press of foreign countries, Reagan's strongly worded announcement is aimed at bargaining with the Soviet Union so that the Geneva disarmament talks will achieve some progress in favor of the United States and the second U.S.-Soviet summit will be held as early as possible.

Third, Reagan's decision was made to assist in uniting the struggle at home. On the Strategic Arms Limitation Treaty, there have long been different views in the United States. As early as when President Reagan assumed office in the White House, he disagreed with the treaty, but he did not take any action to abandon the treaty only out of consideration for the views of the NATO allies and the moderates at home. In recent years the conservative forces in the United States have markedly increased and their voice for breaking the bounds of the treaty is becoming louder and louder. In addition, the mid-term election of the Congress will start soon. Under such circumstances, Reagan determinedly made the decision by the "advice" of his hardline advisers in order to win the support of the ever-growing conservative forces so as to strive for more Republican seats in the Congress. Moreover, Reagan's decision will also influence the congressional debate on the 1987 defense budget and mow down the opposition of congressmen who call for less military expenditures by making use of the treaty, thus guaranteeing the smooth implementation of the development plan of strategic weaponry. Some people therefore said that Reagan's announcement was a victory of the faction which favors a tough policy toward the Soviet Union, represented by the defense department. What they said is perhaps quite reasonable.

Reagan's announcement has evoked strong repercussions throughout the world. The Soviet Government issued a statement on 31 May, denouncing the United States for "opening the sluice to carry out an unrestricted arms race. The statement also warned the United States "against any illusion" and said the Soviet Union "would not be indifferent" to U.S. violations of the treaty and would certainly "adopt the necessary measures" to maintain a strategic balance. At a press conference on 4 June, general staff chief of the Soviet Armed Forces, Akhromeyev, accused the United States of trying to "make the Soviet Union exhausted" by means of large-scale arms race, but he said that "the Soviet Union would find effective countermeasures" against the challenge. Soviet official statements and newspaper commentaries as well all hinted that Reagan's decision might force the Soviet Union to cancel the summit meeting of the two countries scheduled to be held this year. The reaction of some U.S. allies was also very strong. At the foreign minister's meeting of the NATO nations held from 29 to 30 May, U.S. Secretary of State George Shultz "was extremely isolated" and was criticized by participants with one voice. The meeting focused on discussing Reagan's announcement, but the issue was purposely not mentioned in its communique because of a sharp difference of views. At a press conference after the meeting, some foreign ministers said Reagan "unilaterally made the U.S. decision on the eve of the meeting" and the allies hoped it was not Reagan's "final decision." Opposition factions in the United States also made charges against the decision, describing it as a "very dangerous move." They worried that Reagan's decision may force the Soviet Union to speed up its development of its nuclear arsenal and this will be more harmful to the United States. People in many regions of the world also worry about a possible escalation of the nuclear arms race between the two superpowers. As this year is the International Peace Year in the world, what people hope for is that the United States and the Soviet Union, which possess the majority of nuclear weapons in the world, will take poitive action to stop the arms race and take the lead in substantially cutting down their nuclear arsenals. They should assume due responsibility for world peace and security of all countries and should not run counter to this.

LIAOWANG VIEWS DEVELOPMENT OF 'REAGANISM'

HK211432 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 28, 14 Jul 86 pp 24-25

[Article by Li Qinggong: "The U.S. Global Strategy -- Reaganism"]

[Text] At the beginning of this year, U.S. President Reagan delivered to the Congress a message entitled "Freedom, Regional Security, and Global Peace." He systematically expounded on current U.S. global foreign policy, stressing that "based on its actual strength and position" and by "military, diplomatic, economic, and propaganda means," the United States would counteract the Soviet influence in various regions of the world, with the aim of not only "containing Soviet expansion," but also "pushing back the Soviet sphere of influence to its own soil" and "ensuring U.S. security interests." The proposition of this message indicates that "Reaganism" advocated by the United States in recent years is "becoming perfect" and will become the guiding principle for U.S. foreign policy in the future.

The formation of "Reaganism" has undergone a gradual development. It started during the Reagan administration's first term of office and was at that time called the theory of "overwhelming the opponent," that is, using military, political and economic pressure to force the Soviet Union to return to its original sphere of influence. "Reaganism" has fully developed during the Reagan administration's second term of office. Reagan pointed out in his message this year that "the United States has extensive duties and security interests in Europe, the Pacific, the Middle East, and other regions bordering on the United States, which require the United States to shoulder the responsibility of exercising powerful, convincing, and consistent leadership."

Many factors have caused the emergence of "Reaganism." On the one hand, the domestic situation has laid the necessary foundation for the implementation of "Reaganism." Although the United States has been under the influence of an economic crisis in recent years, "Reaganism" has enabled it to maintain an economic growth for almost 4 consecutive years. Undoubtedly, this has provided a material foundation for the implementation of "Reaganism." In the military field, the policy of "reestablishing U.S. military strength" set forth shortly after Reagan's assumption of office has now been put into effect in an all-round way, thus basically changing the balance of forces between the United States and the Soviet Union and allowing the United States the ability to shift from the strategic defensive to the strategic offensive.

On the other hand, the present international situation has provided opportunities for the implementation of "Reaganism." The Soviet Union, which has been considered by the United States as its main opponent, is now carrying out a strategic readjustment with regard to its domestic and foreign policies. Although the Soviet Union has not given up its effort to carry out arms expansion, it needs a breathing spell to develop its economy, science, and technology, as these are prominently backward. After assuming office, Gorbachev put forward the strategy of "speeding up economic development." To maintain current Soviet competitiveness, he adopts flexible methods in politics and diplomacy so as to make up the potential inadequacy in the economic, military, and technological fields. [paragraph continues]

In terms of global strategy, the Soviet Union adopts a limited shrinkage [you xian shou suo 2589 7098 2392 4799] policy to avoid direct clashes with the United States. All this has made the United States feel that it has an opportunity to exploit.

Third World countries want to develop their economies and protect their sovereignty and independence. They have given a serious challenge to the global expansionist policy of the superpowers. As a result of the Soviet invasion of Afghanistan and its support for Vietnam's occupation of Cambodia and Cuba's dispatching troops to Angola, many Third World countries have lost confidence in the Soviet Union and are beginning to take precautions against a Soviet hegemonist moves. As many Third World countries have waited in vain for more economic aid from the Soviet Union, they are seeking certain regional economic cooperation, and some of them have turned to the West for help. Such a change also serves as factor which provides the United States with an opportunity to implement "Reaganism."

Another factor is that terrorist activities are becoming more serious in the world. This has caused much worry to many Western countries. Although some Western countries withhold their attitude toward the economic sanctions and military actions proposed by the United States, they have no choice but to tacitly agree with U.S. moves, as no better methods can yet be found to deal with terrorism; some of them have given support to a varying extent and others have cooperated in certain forms. This is as good as giving the United States the green light for the use of arms on regional issues.

With such a background, "Reaganism" has the following problems to solve:

The problem of giving prominence to "regional security " Over the last 5 years, the Reagan administration has devoted its efforts to improving its position at the arms control talks through strengthening U.S. military strength. Following the change in the situation and the improvement of U.S. military strength, the Reagan administration holds that the opportunity has come for counterattacking Soviet pressure on the United States, which started in the 1970's. The United States has therefore suggested that regional issues be put on the agenda of handling U.S.-Soviet relations. At a U.S.-Soviet summit conference in November last year, Reagan formally produced this trump card, listing regional issues as a "hot spot" in U.S.-Soviet relations.

In order of urgency, "Reaganism" is to solve three important regional issues. The first one is the Nicaragua issue. In Nicaragua, Soviet influence not only threatens U.S. sea traffic, but also undermines or monopolizes the forces of other Central American countries. The second one is the Angola issue. If the United States gets the upper hand there, it will be able to weaken Soviet influence in Africa and to maul Cuba's arrogance as well. The third one is the Afghanistan issue, the settlement of which will be advantageous to halting the Soviet expansionist move, hampering its "southward strategy," and solving the Cambodia question.

With regard to the settlement of these regional issues, the Reagan administration is of the opinion that the best policy is to achieve its ends without the use of force. According to this "Reaganist" principle, the Reagan administration is striving for a political solution to the Afghanistan issue through diplomatic channels; in Central America, the United States is seeking a method of holding three types of negotiations, that is, negotiations between civilian governments and guerrillas, negotiations between the U.S. and Nicaraguan Governments, and negotiations between the Nicaraguan Government and the anti-government force in Nicaragua; and on the Cambodia question, the United States supports ASEAN in its efforts to promote a political solution to the Cambodia question and to put an end to the Vietnamese occupation of Cambodia.

"Reaganism" confirms that the key to solving regional issues lies in the integration of U.S. strength with that of its allies. Such integration played a major role in the past and is particularly important to the United States today. It enables the United States to use the strength of its allies and to let its allies share political risks. U.S. efforts to remove the estrangement between itself and its NATO allies, Reagan's visits to the ASEAN nations, and U.S. support for the Contadora and Lima groups, all these indicate that the United States is consolidating and expanding this integration of strength. The Reagan administration maintains that although this is traditional U.S. practice, it should become an important means to exercise "Reaganism" under the present circumstances, as by doing so the United States will make strategic progress at the cost of limited material and financial resources. "Reaganism" requires that military and economic aid as well as the sales of weapons should be made available to ensuring the security of countries directly under Soviet threat or threats by its allies. The Reagan administration deems it necessary to increase its military and economic aid and, if need be, to change some of its economic aid into military aid so as to guarantee the implementation of "Reaganism."

The problem of supporting "democratic movements." The Reagan administration is of the opinion that "transition to democracy" has been the trend since the beginning of the 1950's. By "democracy," it means the practicing of the Western political system. The percentage of people living in a democratic environment in Latin america has risen from 30 percent 10 years ago to 90 percent today. Now the Soviet Union has found it more and more difficult to maintain the progress it made in the 1970's due to the failure in U.S. policy. "Reaganism" asserts that the United States will make good use of this favorable trend and its influence to encourage "democratic reforms" and oppose any leftist or rightist tyranny, with the aim of overthrowing "Soviet-type dictatorships" and setting up a "democratic system."

The problem of "carefully using its military strength, with attention paid to actual results." "Reaganism" maintains that U.S. military strength plays an important role in maintaining a stable situation and ensuring that U.S. diplomacy will fully produce its results. "Diplomacy will fully produce its results. "Diplomacy without the support of actual strength is empty talk, and military strength without political targets will not have a long-lasting impact." The United States is careful about the use of its military strength and pays attention to actual results. "Reaganism" confirms that military force should be used as the last resort in diplomatic conflicts and that it is necessary to follow the patterns of "recovering Grenada" and "launching air raids on Libya," that is, fighting no battle without certainty of winning it.

"Reaganism" seeks a global strategic target, with the aim of obtaining superiority, gaining the initiative, pushing the Soviet Union back, and consolidating its hegemony.

Over the last 40 years since the end of the war, U.S. global strategy and foreign policy have undergone several adjustments and experienced development periods characterized by the Truman doctrine, the Eisenhower doctrine, the Nixon doctrine, and the Carter doctrine. "Reaganism" is U.S. global strategy and foreign policy in the new period. In comparison with the previous doctrines, "Reaganism" bears the characteristics of being more aggressive, more adventuristic, more practical, and more flexible.

There are also some unfavorable factors in the course of practicing "Reaganism." First, it is hard to imagine that the Soviet Union will take lying down everything done by the United States. On the contrary, the Soviet Union is directing its countermeasures at the United States. [paragraph continues]

Second, Western allies of the United States and the Untied States hold identical views only on certain problems but not on every problem. Third World countries, which are now striving for peace and development, are the first to suffer in U.S.-Soviet contention. Some Third World countries may accept U.S. economic and military aid provided out of consideration for U.S. strategy. But when they feel that their sovereignty is harmed and economies are controlled by the United States, they will free themselves from U.S. control and look for a new way to national security and economic development. In the United States, there are also factors restricting the practicing of "Reaganism," such as some people's dissatisfaction at U.S. troops being dispatched to other countries and the congressional debate over funds being allocated for economic aid.

In conclusion, the United States will meet with restrictive factors in the course of practicing "Reaganism" and will therefore find it difficult to practice it at will. As to how much progress the United States will make by practicing "Reaganism" in its global strategy, this remains to be seen.

XINHUA ANALYZES U.S. ECONOMIC PERFORMANCE

OW191634 Beijing XINHUA in English 1353 GMT 19 Jul 86

["News Analysis: Fed Discount Rate Cut Is Symptomatic of the Sluggishness of U.S. Economy (by Xia Zhaolong)" — XINHUA headline]

[Text] New York, July 18 (XINHUA) -- The Federal Reserve Board, the U.S. central bank, lowered its discount rate to six percent from 6.5 percent last week, bringing the country's bellwether lending rate to its lowest level since October 1977.

The cut is the third so far this year. In March, the rate was reduced to seven percent from 7.5 percent and again in April the rate was cut to 6.5 percent.

The discount rate is a benchmark interest rate in the United States, so a lower discount rate would eventually lead to overall interest rate reductions by commercial banks and other lending institutions. Lower interest rates, in turn, encourage people to borrow more and spend lavishly, thereby encouraging growth.

The Fed move was followed by the nations' banks, which cut their prime rate to eight percent from 8.5 percent, the lowest since January 1978.

The U.S. economy spurted in the first quarter of this year, growing at an annual rate of 2.9 percent, far above the 0.7 percent of the previous three months. The healthy development came as the country reaped the benefits of the drop in oil prices, low inflation and the depreciation of the dollar. In this favorable climate, the Reagan administration set the growth target for the year at four percent, almost twice that of last year.

But statistics began to turn gloomy as summer set in. The situation in some sectors worsened instead of improving. The operating rate of the country's factories, mines and utilities stuck below 80 percent and unemployment above seven percent. The leading economic indicators in May, a broad measure to forecast economic activities in the coming six months or so, was up by only 0.2 percent. Although official figures for the economic performance in the second quarter are not available, many economists estimate that it may be in the two percent range, much lower than the first three months of this year.

Government officials, business executives and industrialists believe the lack of capital spending and the slump in the manufacturing and energy industries are the achilles' heel of the U.S. economy. Capital spending across the country fell four percent during the first three months of the year and the oil and gas industry alone slashed six billion dollars from its annual budget for exploration and development.

The manufacturing industry has been a weak point since the current economic recovery took off four years ago and is now virtually in recession. The Labor Department said that between January through June, another 159,000 workers lost their jobs, bringing the total to 300,000 in this sector since the beginning of last year.

THE WASHINGTON POST wrote recently that the U.S. recovery would go bust soon because it is built on a "shaky foundation under the glittering surface of the economic boom." The vulnerable spots that can trigger a collapse include a trade crisis caused by the failure of a depreciated dollar to revive American exports; refusal by foreign investors to continue bankrolling America's high level of consumption; and rising protectionism that worsens the economic decline in both the developed and developing worlds.

The Reagan administration appears worried about the economic situation, particularly in view of the November congressional election. A faltering economy can damage the electoral prospects of the Republican Party. It is under such circumstances that White House Chief of Staff Donald T. Regan went public earlier last week to urge the central bank to reduce the interest rate.

A large number of U.S. economists are reassessing their earlier rosy predictions that the economy would pick up steam in the second half of the year. Some of them believe that the present cut in the discount rate is late and not sufficient to stimulate the economy now in the doldrums. They expect more cuts by the Fed in the coming months if the central banks in Japan and Federal Germany join in.

PRC BODY, HAWAII UNIVERSITY SIGN AGREEMENT

OW181152 Beijing XINHUA in English 1059 GMT 18 Jul 86

[Text] Beijing, July 18 (XINHUA) -- The Chinese Academy of sciences and the University of Hawaii, USA, signed an agreement of cooperation here today. Under the agreement, the academy's South China Institute of Botany, Kunming Institute of Botany and Yunnan Institute of Tropical Botany on the one hand, and Hawaii University's Tropical Agriculture and Human Resources College and Natural Sciences faculty on the other, will exchange visiting scholars, lecturers and graduate students, and provide each other with information and materials related to their research programs.

President Lu Jiaxi of the Chinese Academy of Sciences and President Albert J. Simone of Hawaii University signed the agreement. Prior to the signing ceremony, Vice-President Sun Honglie of the Chinese Acadmey of Sciences and President Simone exchanged views on further cooperation between the two sides.

DPRK ENVOY TO PRC DENOUNCES U.S., ROK STAND ON TALKS

OW210744 Beijing XINHUA in English 0728 GMT 21 Jul 86

[Text] Beijing, July 21 (XINHUA) — Korean Ambassador to China Sin In-ha denounced the United States and the South Korean side for refusing a proposal on tripartite talks of military authorities at a press conference here today.

Sin In-ha said the proposal, which was put forward by the Ministry of the People's Armed Forces of the Democratic People's Republic of Korea (DPRK) June 9, is aimed at easing military tension on the Korean peninsula and creating an atmosphere for the north-south dialogue.

He said the peninsula remained in military tension because the United States and the South Korean side refused the proposal and continued their policies of war and military confrontation. Noting that peace in Korea is closely linked with that in Asia and the world as a whole, the ambassador urged the U.S. and the South Korean authorities to accept the proposal of the DPRK side.

KIM IL-SONG DENOUNCES U.S., ROK STAND ON PROPOSAL

OW220736 Beijing XINHUA in English 0656 GMT 22 Jul 86

[Text] Pyongyang, July 22 (XINHUA) — President Kim Il-song has blamed the U.S. and South Korea for their rejecting of North's peace proposal and staging frequent military exercises, which increase the "war danger" over the Korean peninsula. The Supreme Command of the Korean People's Army (KPA) proposed on June 17 tripartite talks between military officials of North and South of Korea and the United States. But it has been rejected by the U.S. and South Korean authorities who described it as "propaganda" and "not constructive."

His remarks were carried in his letter published in today's newspaper NODONG SINMUN to mark the 40th anniversary of the establishment of the Democratic Front for the Reunification of the Fatherland.

Kim said the most serious problem his people are facing is "to want a split Korean nation or a reunified one; to turn the country to a nuclear warfield or a safeguard of global peace." He added that may reasonable reunification proposals have been made by the government of the Democratic People's Republic, and the Workers' Party of Korea and great efforts have been made to realize the reunification.

U.S. 'SPY PLANE' INTRUDES INTO KOREAN AIRSPACE

OW181735 Beijing XINHUA in English 1518 GMT 18 Jul 86

["U.S. Spy Plane Intrudes Into Korean Airspace, Korea Says" — XINHUA headline]

[Text] Pyongyang, July 18 (XINHUA) — A U.S. high-speed, high-altitude reconnaissance plane intruded into Korean airspace near the east coastal area this morning, the KOREAN CENTRAL NEWS AGENCY reported. The agency said that U.S. spy planes have intruded into Korean airspace eight times this month. The intrusions show that the United States has no interest in holding talks and easing tension but is stepping up reconnaissance flights to increase confrontation on the Korean peninsula.

LIAONING SECRETARY RECEIVES DPRK DELEGATION

SK210537 Shenyang LIAONING RIBAO in Chinese 7 Jul 86 p 1

[Text] At the invitation of the Liaoning Provincial People's Government, a seven-member friendship delegation from North Pyongan Province in the DPRK, headed by Yu Chae-man, vice chairman of the Administrative and Economic Guidance Committee of the North Pyongan Province, arrived in Shenyang by train on 6 July to participate in activities to mark the 25th anniversary of the signing of the Treaty on Friendship, Cooperation, and Mutual Assistance Between the PRC and the DPRK, and to pay a friendly visit.

On the afternoon of 6 July, the Shenyang Railway Station was splendidly decorated for the festive occasion; and several hundred people, with flowers in their hands, warmly met the distinguished guests at the station by beating drums and gongs. Meeting the guests at the station were Zhu Jiashen, vice governor of the province; Cheng Jinxiang, secretary general of the provincial people's government; Gao Jizhong, vice major of Shenyang City; Zhao Ziliang, deputy director of the provincial Foreign Affairs Office; and Lou Guozhen, director of the Shenyang City Foreign Affairs Office. Some children presented fresh flowers to the distinguished guests.

At 1600 that very afternoon, Yu Chae-man and all other members of the delegation paid an official call to the provincial people's government. The delegation was received by Quan Shuren, secretary of the provincial CPC Committee and governor of the province; Zhu Jiashen, vice governor of the province, and Gao Jizhong, vice major of Shenyang City. The host and the guests had a cordial conversation amid a brotherly and friendly atmosphere, and commonly pledge to make new contributions to strengthening the friendship and unity between the people of China and Korea.

That very evening, the provincial people's government held a banquet at the Youyi Guesthouse in honor of the Korean guests.

When the delegation arrived in Dandong, Zheng Ping, mayor of Dandong City; Li Zefeng, vice chairman of the city People's Congress Standing Committee; and hundreds from the masses went to the end of Yalujiang Bridge to meet it. When the Liaoning provincial Friendship Delegation, headed by Vice Governor Bai Lichen, went to the DPRK by way of Dandong, it posed for a picture with Yu Chae-man, head of the North Pyongan provincial friendship delegation.

DPRK OFFICIAL RECEIVES JILIN, LIAONING GROUPS

SK180518 Changchun Jilin Provincial Service in Mandarin 2100 GMT 17 Jul 86

[Text] On 14 July, Chong Chu-ki, vice premier of the State Administration Council, received the Liaoning provincial friendship delegation headed by Bai Lichen, vice governor of the Liaoning Province, and the Jilin provincial friendship delegation headed by Zhao Xiu, chairman of the Jilin Provincial People's Congress Standing Committee, and had a conversation with them in a cordial and friendly atmosphere.

Chong Chun-ki expressed warm welcome to the delegations. He said: Since Jilin and Liaoning are neighbors of Korea, strengthening the friendship and cooperation ties between us will play a key role in strengthening the friendship between the DPRK and China. He hoped that the border provinces of the two countries have more contacts with each other and further develop cooperative ties. He hoped that Liaoning and Jilin provinces will make greater achievements in their socialist construction.

PYONGYANG STUDENTS RALLY AGAINST NUCLEAR WAR

OW181418 Beijing XINHUA in English 1335 GMT 18 Jul 86

[Text] Pyongyang, July 18 (XINHUA) — Nearly ten thousand Korean students staged and anti-nuclear rally this afternoon at the Pyongyang indoor stadium. During the rally, sponsored by the Socialist Working Youth League of Korea (SWYLK) and the Korean Students' Committee, the students vowed to wage a struggle to prevent nuclear war and promote global peace.

Yi Yong-su, chairman of the Central Committee of SWYLK, in a speech at the rally said nuclear war poses a grave threat to the Earth. But war, he said, is not inevitable. He said the peace-loving Korean youths will wage an active struggle to turn the Korean peninsula into a nuclear-free zone. Yi suggested that the 13th World Festival of Youths and Students be held in Pyongyang in the summer of 1989. He also appealled for the support of youths and youth organizations of foreign countries. The rally passed an appeal-for-peace letter to the youth of the world.

Vice President of the Democratic People's Republic of Korea Pak Song-chol attended the rally.

JAPAN-USSR AGREEMENT REACHED ON GRAVE VISITS

OW211816 Beijing XINHUA in English 1733 GMT 21 Jul 86

[Text] Tokyo, July 21 (XINHUA) — Japan and the Soviet Union today reached an agreement on Japanese visits to their ancestral graves without visas on two Soviet-held northern islands and 11 places in the Soviet Union from late July through August, Foreign Ministry sources said. According to KYODO NEWS SERVICE, the accord was agreed upon after a meeting between Hiroshi Shigeta, head of the Foreign Ministry's Soviet Affairs Division, and Soviet counsellor G.E. Komarovskiy.

However, Shigeta expressed regret that the Soviet Union failed to accepted Japan's earlier request for permission to grave visits to all the four northern islands — Shikotan, the Habomai group, Kunashiri and Etorofu. The accord only allows Japanese grave visitors to go to Shikotan and the Habomai Islands.

The northern territories, east off Japan's main island of Hokkaido, were occupied by the Soviet Union at the end of World War II and Japan has been claiming its territorial right over them.

Shigeta told Komarovskiy that Japan particularly regretted that the grave visit to Kunashiri, which had been permitted in the past, was excluded this time. The Soviet diplomat promised to convey to Moscow the Japanese regret, but argued that the proposed list included three new places of Chekhov and Poronaisk on Sakhalin and Okha in the mainland of the Soviet Union.

Former Japanese islanders visited the Soviet-held northern islands between 1964 and 1975, bearing identity cards issued by the Japanese Government. But in 1976, Moscow announced that Japanese wanting to visit these islands would need visas, leading to the suspension of such visits. Earlier in May when Japanese Foreign Minister Shintaru Abe visited Moscow, the two countries agreed in general on the resumption of grave visits.

SINO-INDIAN TALKS END WITH LITTLE PROGRESS

OW231048 Beijing XINHUA in English 1032 GMT 23 Jul 86

[Text] Beijing, July 23 (XINHUA) — The seventh round of talks between Chinese and Indian officials ended here today without substantial progress made on the boundary issue.

Sources said that the talks, which had centered around the boundary issue, proceeded in a "friendly and frank" atmosphere. The two sides enhanced their mutual understanding, but made "no substantial progress." The two sides also had "fruitful" discussions on cultural, scientific and technological exchanges and exchanged views on international issues of mutual concern.

Both sides maintained that the talks were "useful" and agreed to hold the next round of talks in New Delhi, but the specific time would be decided through diplomatic channels, the sources said.

Wan Li Cautions Patience

OW231204 Beijing XINHUA in English 1129 GMT 23 July 86

[Text] Beijing, July 23 (XINHUA) — China's acting Premier Wan Li cautioned Chinese and Indian officials here today that they should be patient and try to accomodate and understand each other while negotiating on the Sino-Indian boundary issue. "It does not matter if no agreement is reached this time. You can talk about it again next time you meet," he said. He also expressed the hope that China and India will maintain peace along their border while discussing their boundary issue.

Wan made these remarks at a meeting with a delegation of Indian officials attending the seventh round of talks between Chinese and Indian officials here this afternoon.

The seventh round of talks between Chinese and Indian officials ended here today after three-day discussions. No substantial progress has been made on the boundary issue, sources close to the talks said.

Wan told the Indian officials that China and India are the two most populous countries in the world. The two countries share identical or similar views on world peace, disarmament, North-South dialogue, South-South cooperation and other major international issues. Since both countries uphold peace and devote themselves to economic development and a better living standard of the people, he said, they should work together to contribute to world peace and common development.

Wan and Venkateswaran, head of the Indian delegation, agreed that the boundary issue is the major problem facing the two countries in their relations. They also pointed our that the talks between officials of the two countries have proceeded in a friendly atmosphere.

Venkateswaran expressed the hope that the two countries will find a reasonable and fair solution to the boundary issue through negotiations.

Wan asked Venkateswaran to convey the greetings and best regards to Indian Prime Minister Rajiv Gandhi from Chinese Premier Zhao Ziyang and himself.

ZHAO ZIYANG FINISHES EUROPEAN PHASE OF TRIP

Meets PRC Officials in Istanbul

OW222222 Beijing International Service in Mandarin 0900 GMT 21 Jul 86

[Text] Premier Zhao Ziyang and his entourage 20 July visited all the staff members of the Chinese Consulate General in Istanbul as well as other Chinese foreign service members here, urging them to make vigorous contributions toward strengthening Sino-Turkish relations and enhancing friendship between the people of the two countries.

Ends Turkish Visit

OW230824 Beijing XINHUA in English 0806 GMT 23 Jul 86

[Text] Izmir, Turkey, July 23 (XINHUA) — Chinese Premier Zhao Ziyang left Izmir for Tunis this morning, ending his seven-day official visit to Turkey.

Zhao's visit to Turkey, the first ever made by a Chinese Government leader, was described as successful. The Chinese premier arrived in Ankara last Thursday on the fifth leg of his tour of six Balkan and Mediterranean nations: Romania, Yugoslavia, Greece, Spain, Turkey and Tunisia.

During his stay in Ankara, the Turkish capital, Zhao met twice with Turkish Prime Minister Turgut Ozal for talks described by the two leaders as "fruitful" and "helpful" to bringing the age-old ties between the two countries to a new high. The Chinese premier noted that Sino-Turkish relations had entered a new stage marked by mutual trust and friendly cooperation.

Zhao met with Turkish President Kenan Evren in Istanbul Monday. They discussed some specific ideas aimed at furthering the growing economic cooperation and trade between the two countries. The Chinese premier came to Izmir, Turkey's third largest city, Monday afternoon, as part of his program to see more of the achievements made by the Turkish people in developing and modernizing their national economy.

In his trip to Cesme, a small town about 100 kilometers from Izmir, Premier Zhao took a morning walk along its narrow but bustling streets crowded with pedlars, shoppers and tourists. The shop keepers and customers were surprised and overjoyed to see the Chinese premier enter their shops and ask questions about their businesses.

The Chinese premier, showing great interest in the way the local government and people run a flourishing tourist industry, chatted with the manager of a caravansary-converted hotel. "This is a very beautiful area and you have done a good job," the Chinese premier said to his host.

PRC, UK SIGN DOCUMENT ON GRANTS, SOFT LOAN

OW191000 Beijing XINHUA in English 0939 GMT 19 Jul 86

[Text] Beijing, July 19 (XINHUA) — An agreed record of discussion on grants and soft loan to be extended by Britain to China was signed here today. According to the record, the British Government will provide grants to some 20 cooperation projects, including an information control training program for the development of China's coal industry, a research project on Beijing's traffic control, a feasibility study on port development and a post and telecommunication cooperation project.

The two sides also agreed to make every effort to conclude arrangements for soft loan projects as soon as practicable.

Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin met British Minister of State of the Ministry of Foreign Affairs and Minister for Overseas Development Administration Timothy Raison and his party before the signing ceremony.

PRC-UK LIAISON GROUP MEETS IN LONDON 22 JUL

OW230620 Beijing XINHUA in English 0614 GMT 23 Jul 86

[Text] London, July 22 (XINHUA) — The fourth meeting of the Sino-British Joint Liaison Group began here today.

The Chinese team at the four-day session is led by the senior representative, Ke Zaishou, who arrived here with his party on July 20. The British team is headed by senior representative David Wilson.

Timothy Renton, British minister of state for foreign and commonwealth affairs, hosted a dinner this evening to mark the occasion.

The group was established in order to facilitate liaison, consultation and the exchange of information on the implementation of the Sino-British joint declaration on the question of Hong Kong, signed by the two governments in 1984. The group meets at least three times a year. The previous three meetings last year were held in London, Beijing and Hong Kong.

QUAN SHUREN-LED DELEGATION RETURNS FROM FGR, UK

SK210822 Shenyang LIAONING RIBAO in Chinese 7 Jul 86 p 1

[Text] Quan Shuren, governor of Liaoning Province, led a provincial friendship delegation to visit the Federal Republic of Germany and the UK from 18 June to 3 July. When visiting these two countries, the delegation was accorded a warm and grand reception. Amid a cordial and friendly atmosphere, both sides exchanged their opinions on further strengthening the exchange and cooperation in the fields of economy, science and technology, and culture and education. Quan Shuren, governor of Liaoning Province, and Lothar Spath, prime minister of the Baden-Wurttemberg State of the Federal Republic of Germany, signed the "Communique on Establishing Friendly Ties Between Liaoning Province and Baden-Wurttemberg State. After successfully winding up its visit, the delegation returned to Shenyang on the morning of 5 July.

ZHAO ZIYANG ARRIVES IN TUNISIA FOR VISIT

OW231018 Beijing XINHUA in English 1004 GMT 23 Jul 86

[Text] Tunis, July 23 (XINHUA) — Chinese Premier Zhao Ziyang arrived here from Turkey at 10:45 GMT this morning for a four-day official goodwill visit to the Republic of Tunisia, the last leg of his six-nation tour in the Balkan and Mediterranean region.

The visit to Tunisia is the first made by a Chinese premier since the late Chinese Premier Zhou Enlai's visit and the establishment of diplomatic relations between the two countries in 1964.

Premier Zho is to meet with Tunisian President Habib Bourguiba and hold discussions with Tunisian leaders on ways to further friendly bilateral cooperation in all fields.

Zhao visited Yugoslavia, Romania, Greece, Spain, and Turkey before coming to Tunisia.

- Makes Statement at Airport

OW231156 Beijing XINHUA in English 1142 GMT 23 Jul 86

[Text] Tunis, July 23 (XINHUA) — Chinese Premier Zhao Ziyang arrived at Carthage international airport this morning from Izmir, Turkey, for a four-day official goodwill visit. The Chinese premier is here at the invitation of new Tunisian Prime Minister Rachid Sfar. This is the first visit by Chinese premier to Tunisia since the late Chinese Premier Zhou Enlai's visit in 1964, when the two countries established diplomatic relations.

In a statement at the airport, Zhao said that there exists a traditional friendship between the Chinese and Tunisian peoples, and that the recent years in particular have witnessed new developments in bilateral economic and technological cooperation and trade. This is not only in the interest of the two peoples, he pointed out, but also helps promote South-South cooperation and North-South dialogue.

Zhao said he will meet with President Habib Bourguiba and exchange views with Tunisian leaders on further enhancing friendly cooperation in various fields and will also discuss the current international situation and issues of common concern.

"I would like to take this opportunity to get to know the life of the Tunisian people and their useful experience in building up the country and invigorating the economy," Zhao said.

The Chinese premier was met at the airport by Tunisian Prime Minister Rachid Sfar, Defense Minister Slaheddine Baly and diplomatic envoys of various countries in Tunisia.

The Tunisian visit is the last leg of Zhao's six-nation Balkan-Mediterranean tour which has also taken him to Romania, Yugoslavia, Greece, Spain and Turkey.

TIES WITH TUNISIA REVIEWED ON EVE OF ZHAO VISIT

OW221736 Beijing XINHUA in English 1505 GMT 22 Jul 86

["Sino-Tunisian Cooperation Growing — by (Xie Pinru)" — XINHUA headline]

[Text] Tunis, July 22 (XINHUA) — Chinese Premier Zhao Ziyang's official visit here from the 23rd to the 26th of this month in an important step in the development of Sino-Tunisian relations. The visit will be the first by a Chinese premier since former Prime Minister Zhou Enlai visited Tunis in 1964. Throughout these years Sino-Tunisian relations have been growing steadily.

In 1979, with the help of an interest free Chinese loan, work was begun on the Medjerdha — Cap Bon Canal. The canal runs for a distance of 120 kilometers from Medjerdha in north central Tunisia to Cap Bon on the Mediterranean Sea. It is one of Tunisia's most important hydro-electric projects and annually moves 200 million cubic meters of water satisfying not only the needs of the capital, Tunis, but also providing water for the irrigation of more than 18,000 hectares if cultivated land.

The canal was completed in May of 1984 with the help of Chinese workers and technicians. At the opening ceremonies, attended by President Habib Bourguiba and Chinese Vice-Premier Li Peng, the Tunisian president, as a gesture of thanks for China's contribution to the project, named the canal "the Sino-Tunisian Friendship Canal".

Since the first half of 1984 economic cooperation between China and Tunisia has become much more varied. Within the last two years a number of contracts have been signed by both parties. These involve the building of dams, roads and a sports complex as well as the supply of technical services in the procelain and handicrafts industry.

Commercial exchanges between the two countries have also grown tremendously. In 1980 total trade between China and Tunisia was valued at 22 million U.S. dollars but within four years that amount almost doubled so that by the end of 1984 total trade stood at nearly 40 million dollars.

In October 1984 China and Tunisia signed a counter-trade agreement to ensure a solid base for the continued development of bilateral exchanges. Counter-trade is the barter exchange of goods between two parties where no transfer of funds is involved. The agreement was made specifically to preserve needed foreign exchange by both countries. In 1985, when the agreement first went into effect, China exported cotton and wheat to Tunisia and received in return phosphates for fertilizers. Up to and including this year, counter-trade between the two countries has reached a value of 60 million U.S. dollars, a record amount in the commercial relations between China and Tunisia.

The government and the people of Tunisia are extremely satisfied with the rapid development of friendly relations between the two countries and Tunisian leaders say this is a prime example of South-South cooperation. Chinese leaders have said the economic cooperation thus far enjoyed goes beyond the borders of the two countries.

Premier Zhao Ziyang's visit will certainly bring to a new level the exemplary cooperation between China and Tunisia.

PRC, LEBANESE FOREIGN MINISTRY OFFICIALS MEET

OW221222 Beijing XINHUA in English 1205 GMT 22 Jul 86

[Text] Beijing, July 22 (XINHUA) — The Chinese Government supports the Lebanese Government in its effort to safeguard national independence, sovereignty and territorial integrity and demands that Israel must withdraw all its troops from Lebanon unconditionally.

This was stated by Chinese Vice-Foreign Minister Qi Huaiyuan during his talks here this morning with Fu'ad Alturk, secretary general of the Ministry of Foreign Affairs of Lebanon, who arrived yesterday evening.

Qi said the Chinese Government will, as always, support all methods and motions designed to help safeguard Lebanon's independence, sovereignty and territorial integrity in the United Nations and elsewhere. The Chinese people deeply sympathize with the Lebanese people's sufferings from war, he said.

Speaking of Lebanon's internal unity, Qi expressed the hope that all parties involved would iron out their differences and settle their disputes peacefully through consultation in the spirit of equality, mutual understanding and accommodation.

Al-Turk gave an account of the situation in his country and in the Middle East. He thanked the Chinese Government and people for their sympathy and support to the Lebanese Government and people.

Both sides expressed the desire to maintain and develop the friendly relations between the two countries.

Tonight Qi gave a banquet in honor of Al-Turk.

PRC, KUWAIT TO COOPERATE IN DESERT CONTROL

OW220154 Beijing XINHUA in English 2356 GMT 21 Jul 86

[Text] Kuwait, July 21 (XINHUA) — Chinese and Kuwaiti scientists will cooperate in controlling desert and developing agriculture in land transformed from desert. This was agreed here today at talks between a visiting Chinese desert research group and officials of the Kuwaiti public authority for agriculture and fisheries after the Chinese group made a two-week desert study in Kuwait. During the talks, the scientists of the two countries exchanged experience in preventing desertification and discussed agricultural development in Kuwait.

During their stay here, the Chinese scientists visited some agricultural projects and chemical fertilizer plant and conducted a survey of the movement of sand and causes of desert drifting in Kuwait.

The Chinese desert research group led by Zhu Zhenda, director of the Desert Institute of the Chinese Academy of Sciences, arrived here on July 7 and left for home this evening.

LIAOWANG VIEWS POLITICAL REFORM SEMINAR

HK230254 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 29, 21 Jul 86 pp 3-4

[Article by Shu Ge: "It Is Imperative To Carry Out Reform of the Political Structure in China — Seminar on Theories for the Reform of the Political Structure Held in Beijing"]

[Text] The current in-depth development of economic structural reforms in China inevitably requires a corresponding reform of its political structure. This is the basic viewpoint of people who attended a theoretical seminar on political structural reform which was held in Beijing from 10 to 12 July.

People attending the seminar unanimously agreed that the political structural reform which China will carry out represents the self-improvement of the socialist system, and is a concrete application and development of Marxist political science under China's present new situation.

The seminar was an academic meeting sponsored by postgraduate students in the theoretical department of the CPC Central Committee Party school on the principle of linking theory with practice with the support of the school leadership. Nearly 100 academic theses were submitted to the seminar. More than 130 researchers and responsible people of the relevant departments of the CPC Central Committee and State Council were invited to attend the seminar. They included Gong Xiangrui, professor of law at Beijing University; Gao Fang, professor of international politics at the Chinese People's University; Tan Jian, assistant research fellow at the Political Research Institute of the Chinese Academy of Social Sciences; and Chen Yizi, director of the Chinese Economic Structural Reform Studies Center. At the seminar, they held free and lively discussions on the nature, aims, basic contents, necessity, and reasibility of reforming China's political structure.

Political Structural Reform Is Imperative

On the question of why political structural reform must be carried out in China, people attending the seminar first answered the questions: What is a political structure, and what are the contents of the political structure? Through discussion, they generally held: A political structure is the form of a certain social class's organization of government. It includes the state management form, the structural form, the election system, and the system for the people to exercise their political rights. Professor Gong Xiangrui said: The political structure should not be an invariable thing, and it should also change in light of changes in the economic basis of society. When talking about China's political structural reform, we should first affirm that measures have been adopted and results have been achieved in the field of political structural reform. For example, the Army has been subject to the leadership of the state; direct elections have been carried out at and under the county level; a retirement system has been adopted among cadres and the practice of allowing cadres to hold lifelong tenure of office has been changed; leading bodies at all levels include young, middle-aged, and old cadres; the legal system has become sounder; and the people's communes have been separated from government functions. Then he listed three reasons for the necessity of political structural reform in China:

— The reform of the economic structure requires the reform of the political structure. Economic structural reform embodies changes in production relations and is bound to require that corresponding reforms be carried out in the political structure, which belongs to the superstructure. For instance, the economic structural reforms urgently need a large number of talented economic managers with up-to-date knowledge and pioneering spirit, but the current cadre system in China is not beneficial for discovering, forging, and training talent, or for gradually reducing the age and improving the educational standards of the cadre contingent. Moreover, the system frequently causes the burial and wastage of a large number of talented persons. As another example, one of the tasks in the economic structural reform is to give full decision-making power to enterprises. However, if the leadership system remains unchanged with the party continuing to perform the functions of the government, and the government continuing to perform the functions of enterprises or using administrative means to meddle inappropriately in all aspects of socialist life, then it will be hard to achieve the purpose of giving decision-making power to the enterprises.

— Political structural reforms are needed in order to build a high degree of socialist democracy. This is because in China's current political setup there exist things like the patriarchal system, autocracy, bureaucratism, and so on, that hamper the develeopoment of socialist democracy.

— Political structural reforms are necessary from the angle of the quality of culture and education and from the angle of correcting unhealthy trends. Take, for instance, the unhealthy trend of abuse of power. If we had a set of laws regulating the powers, obligations, and duties of state cadres and public servants, and a complete system covering the selection, appointment, supervision, examination, and dismissal of leading cadres, the unhealthy trend of abuse of power would be very greatly restricted.

The Feasibility of Political Structural Reform at Present

In the theses and speeches by people attending the seminar, they expressed their opinions on the feasibility of the political structural reform. They first analyzed the favorable conditions for such reform. For example, since the economic structural reform was carried out in an all-round way in 1984, reform has taken root more deeply in the hearts of the people, and has become a main part of China's political and economic life. The situation in which people all agree that reform is a necessity is greatly favorable to the unfolding of the political structural reform in China. Moreover, the economic structural reform has created the necessary conditions for the political structural reforms and has removed the foundation for the emergence and existence of outmoded things in our political structure. At the same time, the economic structural reform has also provided useful experience for political structural reform. In addition, the reform of the leadership system which began in 1982 has led to the promotion to leading posts of a number of cadres who are revolutionary, young, well educated, and have professional knowledge. Thus, this provides an organizational guarantee for carrying out political structural reform in China. [paragraph continues]

People attending the seminar held that the most important favorable condition for the political structural reform is the fact that since 1979, Deng Xiaoping has made a number of speeches on carrying out political structural reform, and these speeches will play a great role in unifying the thoughts of all people and cadres in the country.

However, the subject which was most controversial and most heatedly debated was the question of how to specifically carry out reforms of the political structure, and in particular, the question concerning the point of breakthrough for such reforms. Some held that separation of the party from government functions and the rational distribution of powers should be taken as the point of breakthrough in reforming the political structure. Only thus can the problem of overconcentration of power in the hands of the party be resolved. Others held that only by establishing a socialist system with a high degree of democracy, and correctly solving the questing of the relationship between democracy and centralization, can the goals of reforming the political structure attained. The great majority of the participants held that in carrying out political structural reforms it is essential to get a good grasp of two issues. Separation of party and government, and a high degree of democracy. This is because all other problems that need resolving derive from these two issues.

Feng Shengbao, deputy director of the Foreign Political System Research Center of the Diplomatic Institute, said that replacement of the government by the party is a kind of artisan method that has caused many unpleasant consequences: For instance, a high concentration of power; personality cult; the fact that the party was above the law and enjoyed concentrated power, with the result that the legal system could not be established; a sense of dependence was nourished in the cadres; and the system was purely upward in form. This state of affairs weakened party work. He said that the party's leadership should first be political leadership, and the party should not replace the administrative functions of the government. He held that it is necessary to establish the principle of socialist division of powers with checks and balances, and to bring into play the systems engineering role of the political structure. Professor Gao Fang stated that the main thing in reform of the political structure is to resolve the question of rational distribution of power, including that between party and government, between central authorities and the localities, and between the legislature and the judiciary. However, it is not an absolute division of power but rational apportioning. He stressed the leading role of such a reform measure among other reforms.

When discussing the question of how to achieve a high degree of democracy, the participants believed that democracy is a fundamental system of socialism. It embodies the nature of socialism and is the core of the political structural reform. Deputy researcher Tan Jian said that the goal of political structural reform is to build a socialist country with a high degree of democracy. This democracy includes: Making politics democratic and public, turning policymaking into a scientific process, making political activities into a legal system, and systematizing supervision of the power organs.

Professor Gao Fang said: In order to realize democracy in state and social life, it is first necessary to ensure inner-party democracy, and a way to ensure inner-party democracy is to give play to the role of the party's national congresses.

Boldly Exploring the Way To Build a Political Science System With Chinese Characteristics

Zhu Houze, director of the CPC Central Committee Propaganda Department, was invited to the seminar, and made a speech there. He said: Comrade Deng Xiaoping has spoken many times on the importance of political structure reform. Recently, he again made a point of stressing the necessity and urgency of this reform. Zhu expressed the hope that everyone would step up investigation and study; get hold of detailed materials; apply a Marxist-Leninist stance, viewpoint, and method; succeed in linking theory with reality; and carry out bold explorations with a scientific approach and rigorous work style. They should carry out research in may aspects, to build a political science system with Chinese characteristics. The participants believed that political science in China was developed to a new stage. In the last 3 months alone, SHIJIE JINGJI DAOBAO, the magazine ZHONGGUO SHEHUI KEXUE, and some young theoretical workers in Beijing have respectively held theoretical seminars on reform of the political structure. In August this year, Shenyang and Harbin will respectively hold such seminars. The Chinese Society for Political Studies and the Politics Research Institute of the Chinese Academy of Social Sciences have also planned to hold national theoretical and academic seminars on reform of the political structure.

GUANGMING RIBAO ON POLITICAL STRUCTURAL REFORM

HK220830 Beijing GUANGMING RIBAO in Chinese 14 Jul 86 p 3

[Article by Bao Xinjian: "An Inquiry Into the General Goal of the Reform of China's Political Structural Reform"]

[Text] In carrying out any structural reform, we must first set a pattern for its general goal. Whether the pattern of the general goal is clear and correct and whether it is understood and consciously followed by those who take part in the reform, have a direct bearing on whether the reform will be smoothly carried out. Therefore, a task of first priority in carrying out our country's political structural reform at present must be to clarify the pattern of the general goal. The pattern for the goal of our reform should not be decided on at will in a subjective manner, but should reflect objective law. Generally speaking, setting the pattern for the political structural reform goal for a socialist country should be based on the following three aspects of objective reality: 1) The demand raised by our economic structural reform and by the reestablished pattern of our economic construction on the reform of our political structure; 2) the requirement on the essence of the political structural reform raised by our government and political systems of which the basic content is that the people are the masters of the country; and 3) the tremendous influence of the specific national environment, in particular the traditional ideology, on our political structure, which is also an objective factor that must be considered in setting the pattern of our political structural reform goal. Starting from these three aspects of objective reality, the general goal of our country's political structural reform at present, and in the future, should be as Comrade Dang Xiaoping pointed out: To continue to realize and perfect the democratization of the political life of theparty and state. Why should it be this ?

The all-round implementation of overall economic structural reform with strengthening the vitality of our enterprises as the key link, and the rapid development of the commodity economy, have fiercely pounded at and tested our existing political structure from the economy angle. In the face of this pounding and testing of the reform, some aspects of our political system, such as the setup of our organizations, the functions of our government, the quality of our cadres, and our leadership system and work style, have continued to show that they have various defects which make it hard for them to meet the demand of the objective situation of enlivening the economy at home and opening up to the outside world. The forms of these defects vary as departments and spheres vary, but viewed as a whole, they have all shown that there is a shortage of a high degree of democracy in the leadership and management of our economic life, unclear division of labor between party and government, and unclear separation between the functions of government and enterprises. All these have seriously hindered our enterprises from exercising their decision-making power and our laborers from giving play to their initiative and creativeness. The lack of democracy in our economic management makes it hard to exercise correct and effective centralization. Weak democracy in our economic management directly originates from the lack of democracy in our party's and state's political life. Therefore, the general goal of our political reform is to oppose and overcome bureaucracy, realize the democratization of our party's and state's leadership system, and thus strengthen democratic management in our economic life as a whole. This is the key to enlivening our enterprises and to the development of our country's overall economy.

Our's is a socialist country of people's democratic dictatorship in which the people are the masters of their country. This is the basic content of our country's state system. The question of what forms and measures should be adopt to enable the vast number of people to exercise their democratic rights as masters of their country, and to ensure that these rights are earnestly protected from encroachment, is a very practical and important question that we are faced with in carrying out political structural reform in our socialist country. It also comprises the overall contents for the development of the political system for a socialist country. Whether we can resolve this question satisfactorily has a direct bearing on ther realization and consolidation of our socialist democracy and the democratization of our socialist system. Lenin pointed out profoundly: "In order to thoroughly develop democracy," it was imperative to "find forms for this development" and "test these forms in practice." ("Selected Works of Lenin" Vol. 3, p 230) In general, our country's system of democracy is superior, but its actual structure and system still have various defects. As a result, under certain circumstances, there is no effective guarantee for the masses of people to exercise their rights as masters of their country. Therefore, perfecting socialist democracy in our political system is a great general goal that we should pursue in our country's political structural reform. The basic tasks in the development of socialist democracy in our political system should be to intensify the consolidation of our state organs according to the principle of democratic centralism, and to enable the people to better exercise their power to run their country. Our state organs consist of two mutually linked parts: The first is the organs of state power, namely the people's congresses at various levels and their standing organs; and the second is the state administrative organs, in other words, the organs at various levels that execute state power -- the People's Governments at various levels. In both parts, there is an urgent task now to realize socialist democratization.

In reforming the system of people's congresses, at present it is necessary to focus on solving practical problems in the following three spheres: 1) We should satisfactorily handle the relationship between strengthening the unified leadership of the ruling party and the earnest exercising of the people's supreme power. In exercising their due share of state power, a local People's Congress may run into conflicts with the party's line, principles or policies; with the resolutions or decisions of the local party committees; or even with the personal opinions of the committee secretaries. We should safeguard the power of people's deputies, but we should not weaken the leadership of the ruling party. This makes it imperative to present an appropriate form for relations between the party and governments. 2) Although we say that the people's congresses at various levels are organs of state power that represent the people's will, in reality, this role of these people's congresses has not been fully ensured. For this, there are causes related to concepts and also related to our structure and indeed system. 3) There are problems related tothe election of, supervision over and removal of, people's deputies by the people. In this area, in fact, we lack practical and thorough measures and there are still quite a few loopholes in some spheres. If we fail to solve the problems in this area, it will be impossible or us to perfect our People's Congress system. The general goal in reforming and perfecting our People's Congress system should be to really ensure our people's democratic rights in the political life of our state; to really ensure that the people's congresses and their standing organs "have very close and inseparable links with the masses and most of the people, links that can easily be checked and renewed," and that the members of these organs should be elected and changed according to the people's will rather than through bureaucratic procedures," and to enable these congresses to "combine the advantages of the parliamentary system with those of direct democracy. In other words, to combine legislative functions and the functions to administer law in the people's elected deputies" ("Selected Works of Lenin" Vol 3, p 309)

In a socialist society, the people run state affairs, realize their democratic position, and exercise their democratic rights, mainly through the people's governments at various levels. Therefore, the ability of various governments to execute the people's will loyally, serve the people wholeheartedly, and strengthen their organization and ideological education out of the basic interests and needs of the people, has a direct bearing on whether the people can actually exercise their democratic rights and whether these rights are guaranteed. The whole essence of the consolidation of people's governments is to solve the question of whether government workers are "servants of society" or "masters of society." For a long time, in our government organs, of various levels, there have been serious malpractices, duplicated departments, too many levels of organs, unclear division of duties of office, overstaffing and bureaucracy characterized by low work efficiency. Some government departments and cadres have pursued private ends with their power of office. All these have seriously hindered the realization of the people's will and interests. Analyzing these various kinds of malpractice, both from the angle of the structure and system, and from the angle of concepts and work style, shows that this is due to our failure to satisfactorily solve the problem related to "servants of society." Therefore, the general goal of the government structural reform should be to build executive organs that are historically most capable, most responsible and most effective in carrying out the popular will and serving the people.

Both in our economic structural reform and in our political structural reform, we encounter a very stubborn obstacle — the influence of feudalist ideology. Eliminating remnant feudalist ideology is not only a direct condition that ensures the smooth progress of the reform, but also a direct task in the reform in various spheres, particularly in our political structural reform. All the various defects in our country's political structure at present, whether those in our party and government organs, cadre systems, leadership system, and work style, or in the work style of party and government organs, are closely related to feudal ideology. Both bureaucracy and the exploiting of one's power of office to pursue one's private ends, which are the most typical abuses in our political system, stem from the feudalism of a small number of people. We can find the cause in the soil of corrupted concepts about "position" and "power" for the growth of all the corrupted factors in our structure and system that oppose the principles of the people being the masters. Remnant feudal ideology has permeated our political system. In carrying out our political structural reform, we must regard eliminating feudalist ideology as a general goal. This is an important constituent part of the general goal of the democratization of the political life of our party and state.

WANG RUOSHUI ARTICLE ON MARXIST PHILOSOPHY

OW221800 Shanghai WEN HUI BAO in Chinese 17 Jul 86 p 2

[Part 1 of 2-part article by Wang Ruoshui: "On the Marxist Philosophy of Man"; "Rewritten on the basis of several speeches the author made in 1985"]

[Text] The All-Round and Free Development of Man Is the Basic Principle of Communism.

When speaking of Marxism, people first think of class struggle and the proletarian dictatorship. Beginning in the 1950's, following the basic conclusion of class struggle, our party continued to launch a series of political movements in the name of class struggle and consolidation of the proletarian dictatorship. Finally, this brought about the 10-year internal disorder. Because of this, Marxism was mantled with a color of harshness and cruelty. However, the advent of the new period has placed before us the task of upholding and developing Marxism. The first step in doing this, I think, should be restudying Marxism, including Marxist philosophy, so as to comprehensively and accurately grasp it.

Without doubt, class struggle and the proletarian dictatorship make up the fundamental ideology of Marxism. According to Marx, however, both class struggle and the proletarian dictatorship are methods rather than goals. Marx' goal is to achieve the emancipation of the proletariat and all mankind and to realize communism. His philosophy is closely connected with this goal. It is not only materialist but also humanist.

We are now beefing up the publicity of the communist ideal. What is communism? The most popular explanation is: "From each according to his ability, to each according to his needs." How should we understand this? If we construe "from each according to his ability" as meaning "do whatever you are able to do" and "to each according to his needs" as meaning "you will be provided with whatever you need," our understanding will be too superficial. According to Marx' idea, communism should not only enable each and every member of society to contribute all that he can, but also cultivate, exploit, and develop everyone's capabilities. [paragraph continues]

The simple phrase "from each according to his ability" cannot denote this idea. The same is true for "to each according to his needs." When talking about needs, many people would think of eating dainties, living in exquisite building and villas, wearing high-quality clothes, having color TV sets, refrigerators, radio-cassette recorders, and washing machines at home, and riding in sedans when going out...Certainly, all these are man's needs, but if the needs are limited to these, some of the most affluent countries have already been able to satisfy their people's needs.

The needs of man Marx referred to are not only material but also spiritual. Needs, whether material or spiritual, are developing. For example, now tourism is very popular in the world. In the past, tourism was a matter for very few people; now it has become an activity of the masses — a material as well as spiritual enjoyment. This is a new social need that has appeared in the last several decades. In communist society, there will be a very big change in man's needs. Some of the needs will disappear, while many new and higher needs will come into being. Generally speaking, the needs at that time will be much, much richer than at present. Communist society should not only satisfy the needs of its members, but also develop and expand their needs. At that time, labor will become the first need of life. This is very important. The simple phrase "to each according to his needs" can in no way indicate all these, and moreover, not all needs can be met by distribution.

"From each according to his ability, to each according to his needs" was stressed by Marx in his "Critique of the Gotha Program." It was primarily aimed at explaining the principle of distribution in a communist society. As Marx and Engels regarded it, a statement that can best describe the basic characteristics of a communist society is a remark from "The Communist Manifesto": The free development of each individual is a requirement for the free development of all people." In his "Das Kapital," Marx repeatedly said that the fundamental principle of a communist society is "the full and free development of each individual." In 1894, after the death of Marx, someone asked Engels to write an inscription for the NEW ERA weekly (of course, the inscription should reflect the features of NEW ERA). Engels planned to look for an appropriate remark from Marx's works. He did not use "From each according to his ability, to each according to his needs." Instead, he decided to use the above-mentioned remark from "The Communisty Manifesto." In his letter, ("To Kaneipa" [0595 0355 1548] Engels said: "I could not find anything suitable but this remark."

From this we know that Marx and Engels attached great importance to this principle. However, over the years we have not properly publicized the principle. Why?

I think one of the major reasons could be that we have not fully understood it. What is "free development?" Won't everything be in a muddle if everyone develops freely? Although we do not completely negate individual's freedom, we do impose restrictions on the individual's freedom and emphasize the freedom of collectives and the state. We can easily understand accept the notion that the freedom of collective is a requirement for individual's freedom.

As a matter of fact, Marx and Engels did say: "The individual's freedom is possible only in a collective" ("The German Ideology"). But they also maintain that the reverse is also true, and this is something some of our comrades cannot understand.

Not only is studying the Marxist Philosophy of Man necessary in order to understand the communist basic principle "The complete free development of man," it also has practical importance in guiding current reform and socialist modernization efforts.

To understand these two issues we have to understand the Marxist philosphy of man.

Man and the World — Subject and Object

In "The German Ideology," Marx and Engels said that the method they used was "based on real people with life." They also said: "We aim at people engaging in actual activities." This kind of people are practical people and people of the society, and are entirely different from the abstract man mentioned by Feuerbach.

After man arrived on this world the first problem he had to solve was how to survive, or live. "In order to live man first needs clothes, food, and somewhere to live, as well as other things. Therefore, mankind's first activities were to produce the means to satisfy these needs, that is, to produce things needed for material life." These activities are the "basic requirements for all human history to take place." Without these production activities, not to mention other things, human society will perish.

Marx held that "the common characteristic of man is his free and conscious activities" ("Manuscript of the Economics and Philosophy of 1844"). The most fundamental form of these conscious activities is material production labor. For this reason, Marx and Engels said on other occasions that it is labor that distinguishes man from other animals. Mao Zedong also said that the characteristic that distinguishes man from all other beings is man's "Conscious dynamic role' ("On Protracted War"). This is in conformity with the concept about "free and conscious activities" asserted by Marx.

Some animals also perform labor. Examples are spiders and bees, but what they do is instinctive instead of conscious labor. "The skill of bees in building beehives shames many architect is wiser than the most skillful bee, in that he can build a beehive in his mind before he uses beeswax to actually build it...He not only bring about the transformation of natural matter but also achieves his own goals in the course of transforming it" "(Das Kapital"). Mao Zedong described this as "consciousness turning into matter," "while Marx called this "the realization of the target of labor [LAO DONG DI DUI XIANG HUA 0525 0520 4104 1417 6272 0553]" or "the materialization of subject [0031 7555 4104 3670 0553]. "Marx said that when man overcomes obstacles to achieve his goals, he is "bringing about by himself the materialization of subject, or achieving genuine freedom — and when this freedom finds expression in action, it is labor" ("The Manuscript on 1857-1858 Economics").

In society, man uses production tools to perform labor, transform nature, produce means of materials livelihood, and create material wealth so as to support his subsistence, nurture his posterity, and satisfy his needs. With the continuation of these activies generation after generation, the depth and breateh of man's activities to transform nature is changing more and more. The world we face today is no longer an undeveloped wild world, but a world of man and civilization.

Of the numerous things we can perceive in our daily life — such as houses, streets, vehicles, fields, tables, chairs, books, foods, household electric appliances, ... — is anything still in its purely natural form, without being processed or transformed artifically? The grain, vegetables, and fruits we eat are of strains cultivated by man rather than the primitive wild strains. Even the air we breathe is quite diffferent from that when the Industrial Evolution was at its threshold 200 years ago.

Confronted with the realistic world, is it adequate for us to simply repeat the general materialist theory that "matter is primary?" It is inadequate. What we should do is not only to understand the world, but also understand man. To understand man, we should not only see the relationship between matter and consciousness, but also look into the relationship between subject and object. Man is not only an object, but also a subject. This was perceived by Feuerbach, but he viewed man merely as a subject to understand the world, not as a subject transform the world. Because of this, in his view the objective world is one without man's practical activities and does not include the history of human society. Marx criticized Feuerbach, saying: "He did not realise that the perceptual world around him is by no means something that has existed and not changed since the world came into being, but a product of industrial and social development, a product of human history and the result of activities of the mankind of generation after generation" ("The German Ideology"). He also said the major defects of all previous materialisms, including Feuerbach's materialism, are "trying to perceive matters and reality from an objective point of view or directly through the senses," but not "through a subjective point of view" ("On Feuerbach's Outline"). This is rather difficult to understand. Since materialism tells us to view problems from an objective point of view, why did Marx say we should perceive them from a subjective viewpoint? This has something to do with incorrect translation. The word "subjective" should have been translated as "subject." It is said as opposed to "object," mentioned in previous paragraphs. What Marx really meant is: It is correct that actual matters are objects, but, over and above this, we should also see people's activities in real life and realize that actual matters are products of human activities, which are the subject aspect of actual matters. That is, in common language, we should see people as well as matters, and see people through matters. A desk is an object, but desks did not exist until men created them to satisfy their needs. Through a desk we should see man's objectives, wisdom, and labor, and realize that a desk is just "humanized nature" or "a materialized subject."

Therefore, the Marxist world outlook actually includes a perception of man. This is a world with man, not a world without man. The world (here refers to the earth) has been like this since it came into being. This world, which has been changed by mankind, has again become an object for man to study and reform. Thus, the original relationship between man and nature (nature independently existed before mankind came into being) has gradually become a relationship between man and the products created by man himself, and man has reformed himself in the course of reforming the world. This is history. Without mentioning the world's historical development there is no way to explain man in real life, and without making reference to man's actual activities there is no way to explain the real world. Marx put man in the centr of the world; examined nature, society, and man as a collective object; and regarded the world as a man's world. In this sense, the real world is not only an object, but a subject at the same time.

Man's Needs — Existence, Comfort, Development

How did man's needs develop? In his "On the Level of Needs," Maslow, a representative modern behavioral scientist of the West, maintained that there were five levels of man's basic needs, namely physiological needs, security needs, socializing needs, needs for respect, and the need to realize his dream. After this theory was introduced into China, some people thought it was something new. Others thought it was heresy. In fact, classic Marxist works had long incorporated the theory about needs. In certain areas Maslow's theory was identical with Marx' viewpoints. However, Maslow focused on the motive of individual behavior, with the aim of regulating individual behavior, whereas Marx focused on macroscopic historical phenomena and observed the development of man's needs along with the development of social productivity, with the aim of achieving his ideal — social revolution.

Marxism divides man's needs into three levels: existence, comfort, and development. In light of this viewpoint, Engels divided most generalized means of living into three types: means for existence, means for comfort, and means for development ("Natural Dialectics").

Primitive man's needs were very simple. His basic needs were the material means of living essential for his existence (including the existence of his offspring), and because of the limits of his capabilities, he managed to obtain the basic means of simple living. As social productivity grew, so did man's needs. The need for comfort gradually developed after the needs for existence were basically fulfilled. Today man eats not simply to sustain his life and physical strength, but he also wants his food to be delicious. Man wears clothes not simply for covering his body or keeping warm, but he also wants his clothing to be of good quality and to have the right style and color with all the necessary trimmings to show his bearing, status, dignity, and esthetic requirements. Furthermore, man also needs certain other things, including luxuries, that have absolutely nothing to do with his existence. Needs for existence have thus developed into needs for comforts.

Needs for comfort were something that occurred after human society entered into the civilized age. Some philosophers maintain that the development of such needs was the cause of the degeneration of simple social conduct and the demoralization of the people. They thought that every effort should be made to control the desire for comfort. Lao Zi of ancient China said: "No sin is greater than indulging in fulfilling desires, no misfortune is greater than being discontent, and no misdeed is greater than being greedy." He said man should return to this natural state and "have no personal belongings or desire." Mo Zi [founder of the Mohist School — a school of thought in the spring-autumn and warring states period, 1770-221 B.C.] encouraged ascetic practices, maintaining that a man should only satisfy his most basic needs and that anything more than that would be a waste that must be stopped. In his article "The Impropriety of Pleasure Seeking" [fei le 7236 2867], he said: "Being dedicated to the state's cause, a benevolent person seeks nothing that is pleasing to his eyes, entertaining to his ears, delicious to his taste, or accommodating to his comfort. A benevolent person never seeks personal comfort at the expense of the people's food and clothing." [paragraph continues]

The cynics and stoics of ancient Greece and Rome maintained that unless people were able to control their physical desires with reason they could not acquire spiritual tranquility and freedom. These two schools of thought maintained that man's natural state is the best and that natural state is a primitive state in which productivity is low and man's needs extremely simple. As such, they placed their hope of realizing their social ideals on returning to the primitive age, instead of looking forward to the future. As for some ascetic religions, they place their hope for happiness on the Kingdom of Heaven.

During the early period of the proletarian movement, there were also communist ideas that encouraged universal asceticism and egalitarianism. Marx criticised these ideas as "coarse communism" that "discredited in the abstractive sense the culture and the civilised world as a whole" (that is simplistic, total negation — quoter), and which was a retrogression to becoming "poor and wantless people" ("The 1844 Manuscript of Economic Philosophy"). Marx maintained that the more mature communism (such as that advoated by Owen) "directly originated from French materialism," which acknowledged "the rationality of pleasure-seeking." He said that this type of materialism is in line with humanism (see "The Sacred Family"). Marx ridiculed the idea that the "natural state is the genuine state of human nature," saying that this is "a conjecture that was popular during the 18th century" ("The Philosophic Declaration of the French Historical School of Thought"). He maintained that man's nature developed in society, that his desire for pleasure is social and natural, and that it is unnatural to suppress this desire simplistically. He also maintained that if a man only satisfies his most basic needs, such as food and water, and gives up other human activities and pleasures, then his functions are nothing more than those of an animal (see "Manuscript of Philosophy"). Despite the fact that uncontrolled desire for comfort causes crime, Engels pointed out: "Despicable greed has served as the motive force of the civilized age from the very first day of its existence to today" ("The Origin of Family, Private Ownership, and State"). As Hegel maintained; "Evils are a form of expression of the motive force of historical development" ("Ludwig Feuerbach and the End of Classical German Philosophy"). It is a pedantic practice to use moral reasons to discredit the historical progress.

In addition to material enjoyment, there is also spiritual and cultural enjoyment. Overall, spiritual enjoyment is on a higher level than material enjoyment, and within spiritual enjoyment there are different levels (for example, the appreciation of popular music and that of classical music). To get enjoyment of the higher level, one must have the capacity (such as artistic and cultural training) to enjoy it. This capacity, like man's creativeness, must be cultivated. By cultivating this capacity we will be able to turn to the higher level of man's needs, disply our vitality, develop our potential, and realise ourselves.

What is "self-realisation?" To explain this, we must first understand the pair of categories: "potential" and "realisation." This idea can be traced back to Aristotle: In modern times Hegel also especially expanded it. According to it, the change and development of things are a process from "potential" to "realisation," or in other words, from possibility to reality. [paragraph continues]

Egg is egg, and chicken is chicken. How can an egg become a chicken? Because the egg (we are referring to, of course, a fertilized egg) itself contains the internal cause for becoming a chicken. Therefore, an egg is a "potential" chicken, while a chicken is a "realized" egg. Similarly, how can flowers become fruits? Because flowers are the "potential" of fruits, while fruits are the "realization" of flowers.

All creatures, upon birth, have an impulse to realize their potential. Of all creatures, man has the greatest potential. Man's intelligence, wisdom, and creativeness are not manifested at birth — they are developed through study and labor in a given environment (both natural and social). To bring out man's potential is "self-realization." The needs of self-realization, that is, the needs of development, are the highest needs of men. The so-called "complete and free development of man" refers exactly to the complete and free development of men's potential and man's realization of himself.

People think that communism is a society in which "one can have whatever one wants" and all people enjoy the material comforts of a millionaire. This is a common misunderstanding. Its mistakes lies not in its overestimation of communism — on the contrary, it is a mistake of underestimation, because the measure of value used here is still that of capitalism. Marx' focus of attention is not "material" but "man," not comforts but creation (creation itself is also an enjoyment). He believed that a new type of person, an "enriched man," will emerge in a communist society, who is different from either a "poor man" or "rich man."

In the '20's Lu Xun said of this century: "Our top priorities of the moment are first, to survive; second, to have adequate food and clothing; and third, to develop." We were a poor and weak nation at that time and the most urgent matter was the question of survival — not only the survival of individuals, but also that of the nation. To safeguard national survival we carried out a protracted revolutionary war. To solve the problem of people's livelihood we carried out land reform and years of production and construction. Today, the problem of food and clothing is basically solved: Not only are people able to survive, they are by and large, living a life of plenty.

Then, does this mean that the question of survival is completely solved? I think not. The needs of survival are also developing. The modern man not only wants to live, he also wants to live a long and healthy life. This in turn requires adequate and rational nutrition, all kinds of medical care, the absence of environmental pollution, safety protection, and so on. We have so far not solved all these problems, for some of which the world has yet to come up with a solution. However, so far as the basic means of livelihood (food and clothing) are concerned, we have solved the problem. China is undergoing a transition from "a sufficient-in-cloth-and-food type" to "a comfortably-well-off type." This means that needs in livelihood and enjoyment will also further develop. The needs for material enjoyment, for cultural life, and for appreciation of beauty were suppressed over a long period in the past. At present these needs have been awakened and developed. This is an inevitable trend following economic development. (to be continued)

CONCEPTS CHANGE DUE TO OPENING UP, REFORMS

HK221303 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 22 Jul 86 p 8

["Excerpts" of article by Tang Chuangxin, published in SHEHUI KEXUE BAO (SOCIAL SCIENCE NEWS): "Nine Major Changes in Concepts in China"]

[Text] Since the implementation of the policy of opening up to the outside world and of invigorating the domestic economy as well as of the reform of the economic structure in our country, what changes have occurred in the ideological domain? To put it briefly, there are approximately nine areas where huge changes have brought about great impact in our entire society.

First, the change in the concept of class struggle in the socialist society. It led to a shift on the focus of all work in our entire country, allowing the national economic construction to march on the path towards four modernizatons.

Second, the change in the concept of philosophy. The discussion on "practice is the sole standard for verifying truth" thoroughly repudiated the erroneous viewpoint of the "two whatevers." It enabled the emancipation of the people's minds and the gradual creation of an atmosphere of democracy and prosperity in all areas of work.

Third, the change in the concept on the classification of intellectuals. As a component part of the working class, intellectuals' social status has been transformed and they are now playing an enormous role in society.

Fourth, the change in the concept of culture, moving from the traditional closed door concept to the modern day opening up concept. China needs the ideological concept of reform and opening up in order to smash up the cultural concept of blind repudiation of foreign things and of customary conservation. No more can resist the charge of "modernism" upon our society.

Fifth, the change in the concept on the status of science and technology. In the past, the emphasis was on "the more people there are, the easier it is to do things," "the more people there are, the greater the force." In recent years, "science and technology are productive forces, and are very important productive forces" -- this idea has been widely stressed and accepted, and greatly promoted the transformations in production and life styles.

Sixth, the change in the concept of talented people. People have gradually realized: the question of talents is a question related to the demise and prosperity of a country. "Respect knowledge and respect people of talents" is now a well-accepted adage.

Seventh, the change in the concept of moral values. The pursuit of a prosperous economic life through legitimate channels is no longer criticized.

Political authority and power are no longer the subject of blind faith and adoration as people attach more importance to self-value.

In the process of economic work and production, people have realized that competition is the distinctive rule in the commodity economy and that it is not an immoral act.

Eighth, the concept of information is highly valued. Information is a resource like materials and energy and can be fully utilized and shared by all. The use of information to develop production, make a living, and to become prosperous have become the open secret and guideline for not a few enterpreneurial leaders.

Ninth, the change in the concept of time. All work should attach importance to the concept of time and great efforts are being made to change some of the existing traditional habits and customs in the country. The rhythm of people's life is being widely accelerated.

GUANGMING RIBAO ARTICLE ON COMMUNIST IDEALS

HK181053 Beijing GUANGMING RIBAO in Chinese 11 Jul 86 pl

[Commentator's article: "Ideals To Be Attained at Different Stages"]

[Text] To build socialist spiritual civilization, we should bring up a new generation of socialist people who have ideals, morals, and culture and observe discipline. Education in ideals is the most important What are the contents of our ideals? In our propaganda work carried out in recent years, we have talked a lot about communist ideals. It is, of course, right to do so. However, when we are talking about ideals, should we talk only about communist ideals? Should we not mention other kinds of ideals? For example, the 12th party congress proposed that we should build our country into a modernized, highly civilized, and highly democratic socialist power. Are these not our ideals? We also say that we should invigorate the Chinese nation in order to make our motherland and nation prosperous, our country powerful, and our people rich. Is this not our ideal? There is no doubt that what we mentioned above are the contents of our ideals. It is obvious that our ideals should be attained at different stages.

Lenin said: ("Complete Works of Lenin," Vol 1, p 393) Communist ideals are based on the scientific delineation and analysis of the contradictions in human society and are the inexorable objective reflection of social development. After their spread to China, communist ideals have become common objectives of struggle of tens of thousands of communists and progressive figures. In the dark old China where conditions were extremely arduous, revolutionaries of the older generation feared neither hardship nor sacrifice. They worked together with one heart and fought courageously. What did they rely upon? They relied upon communist ideals as their mental support. Our current socialist new China was the result of the victory of their struggle. Today, while carrying out our socialist modernization program, communism is still the direction of our advance and our ultimate goal of struggle.

Communism is our ultimate goal, which cannot be attained overnight. Protracted efforts should be exerted by people of successive generations in order to attain the goal. To attain this ultimate goal, we should achieve our immediate, mid-term, and long-term goals of struggle. We should say that attainment of these goals of struggle is also our ideal. These goals of struggle are also our ideals.

In other words, different ideals should be attained at different stages: 1) Striving for communism all our life is our long-range ideal; 2) invigorating the Chinese nation so that our country becomes powerful and our people rich is the common ideal of all Chinese people.

The goal of making our country powerful and our people rich can only be attained step by step. Due to the successful implementation of a series of guiding principles and policies adopted since the 3d Plenum of the 11th CPC Central Committee, 1 billion Chinese people have basically solved the problem of having enough to eat and wear. However, in a very small number of localities, a handful of people have not yet solved the problem. Progressing from having enough to eat and wear to having more than needed, to attainment of the comfortably well-off level, and finally to the well-to-do level is the trend of enhancement of the people's living standard. Enhancement of the people living standard depends upon the development of the economic construction and various undertakings of the state. Regarding the economic construction of our country, by the end of this century our gross industrial and agricultural output value will quadruple that of the early 1980's and attain a comfortably well-off level. During the early 2020's, we will attain a middle level of development. In the mid-2000's, we will reach the level of developed countries. Of course, in the process of carrying out economic construction, we should simultaneously grasp the building of the two civilizations. In the meantime, we should also do well in promoting our socialist democracy. We should build our country into a modernized, highly civilized, and highly democratic socialist power. Although attainment of this goal does not mean that we have entered communist society, it is a process we should pass in order to attain the final goal of communism. It is a specific task to be completed in a fairly long period of time in the course of struggle for communism.

A thousand-li journey starts with the first step. To attain the long-range ideals of communism, we should do well in materializing the four modernizations program and in carrying out reform now, and in a certain period of time, in the future. This is our specific task. If we fail to do well in the four modernizations program and reform, the realization of communism is only empty talk. If we forget the ultimate goal of communism, we will lose our bearings in our present work. It would be impossible for us to do well in the four modernizations program and reform. Therefore, people who have communist ideals should turn the attainment of the long-range ideals into their specific actions in the current four modernizations program and reform. Only by doing well in carrying out reform, in overcoming defects of the old system that are not in accord with the development of productive forces, and in establishing a Chinese-style socialist economic system that is full of vigor and vitality, we can vigorously develop social productive forces and make our country powerful and our people rich. Only by doing so will those who already have communist ideals further strengthen their belief in communism, and more and more people educated with facts will foster their communist ideals.

We might as well review history and see how our intellectuals embarked on the path advancing from partiotism to communism. When our country was invaded by foreign imperialism and feudal oppression ran rampant at home, many intellectuals wished to "rescue the nation through science" and "save the country through education." They also wished that our country would become powerful, and our people prosperous. However, under those historical conditions, "rescuing the nation through science" and "saving the country through education" could not be realized. Therefore, many of them embarked on the revolutionary road, accepted Marxism-Leninism and fostered communist ideals. [paragraph continues]

It was obvious that their ideals of invigorating the motherland and the nation were a prerequisite and basis for fostering communist ideals, and a bridge leading to communist ideals. Today, the slogan of "invigorating the Chinese nation" is encouraging the people. Making our country powerful and our people rich are not only the purpose of our party, but also common ideals of the broad masses of people in our country . Like communist ideas, such patriotic ideas are also our powerful spiritual motive force for our four modernizations program and reform. Such spiritual strenghth should not be underestimated. Propelled by the practice of the four modernizations program and reform under the leadership of the party, patriotic ideas of many people can be turned into communist ideas. Of course, a process and time are needed to bring about such a transformation. Some people might change faster, whereas others might change slower. This is a natural phenomenon. We should let people realize such changes through their own practical experience, their own thoughts and feelings, and independent thinking. Here lies the crux of the problem.

In a word, while providing education in ideals during the course of building socialist spiritual civilization, we should pay attention to the contents of our ideals to be attained at different stages. We should integrate communism with patriotism and combine ideals with reality. We should turn our ideals into our current specific acts, and do well the current work of promoting the four modernizations program and reform.

DEPUTY MINISTER SPEAKS ON CULTURAL REFORM

OW220827 Shanghai WEN HUI BAO in Chinese 17 Jul 86 p 2

[By WEN HUI BAO reporter Tang Sifu from Beijing]

[Text] Beijing, 16 Jul — How will the leading organs of the Ministry of Culture change their function during the new period? At the closing ceremony of the national conference of the directors of the cultural departments (bureaus), held today, Gao Zhanxiang, vice minister of culture, answered this question. He said that the leading organs of the ministry must show major changes in their thininking, work, and leadership in order to meet the needs in giving guidance, doing overall planning, formulating rules and regulations, and providing supervision.

Gao Zhanxiang said: Efforts must be made to strengthen our strategic concept and study the strategy of the development of culture, so as to bring about coordinated developments in the cultural, economic, and political fields. In the past, we have expended too much of our manpower, material, and financial resources in organizing meetings, joint performances, and other activities. From now on, the leadership of the ministry will devote most of its time to conducting study and research and tackling actual problems. We will still carry out all types of activities, but we must make improvements and concentrate our efforts to organize those activities that are of high quality, great impact, exemplary, inspirational and help promote culture.

Gao Zhanxiang said: Over the past few years incidents concerning the violation of right in writing were often reported. Therefore, we must use our laws and policy to protect literary and art works. This is the key to helping our literary and art works flourish. The Ministry of Culture must solve existing problems in cultural work through legislation and policy and change its work method to solving one problem at a time and on a small scale.

He said: The Ministry of Culture will boldly try to achieve simpler administration and decentralization. It should feel at ease and let lower-level units have a free hand. China is a vast country with many nationalities. People of various nationalities in China have different cultural backgrounds. It is impossible to effect centralization once again. If the whole nation is centralized in its actions, its control will be tight and rigid and its rules will be specific. Thus, lower level units are unable to do things freely. An important task for the leadership of the Ministry of Culture is to vitalize the basic-level cultural units.

Gao Zhanxiang said: The Ministry of Culture's policy in dealing with those who have committed errors in the course of making reform is to "learn lessons and forgive them." He said: Our past experience in carrying out reform is valuable to us. In tackling the problems and remedying unfairness that is uncovered in the course of reform, the Ministry of Culture should give proper guidance and adopt measures to handle cases individually.

DISTRIBUTION OF VIDEOTAPES CLOSELY CONTROLLED

OW181734 Beijing XINHUA in English 1426 GMT 18 Jul 86

[Text] Beijing, July 18 (XINHUA) — The Chinese film distribution and exhibition corporation will be the sole distributor of prerecorded Chinese and foreign art videocassettes in China, officials of the Ministry of Radio, Film and Television said today.

In addition, they said, no art videocassettes produced overseas may be sold, rented or shown in public without ministry approval.

The new rules, effective September 1, are primarily designed to prevent the proliferation of pornography in China, observers here have said.

The Chinese film distribution and exhibition corporation plans to produce 100 prerecorded films, including some American, Japanese and Hong Kong films.

DENG PUFANG AT BEIJING STATION CEREMONY

OW221134 Beijing XINHUA in English 1124 GMT 22 Jul 86

[Text] Beijing, July 22 (XINHUA) -- The China Welfare Fund for the Handicapped (CWFH) today presented 74 wheelchairs to 64 railway stations to help handicapped passengers. Speaking at a ceremony held to present these wheelchairs at Beijing railway station this afternoon, Deng Pufang, director-in-chief of the CWFH, said that this action was aimed to provide special service for the passengers who are disabled or have difficulties getting about. He hoped it would arouse the whole society to care for and help the handicapped people overcome difficulties.

Wang Zhen, honorary director-in-chief of the fund, was present at the ceremony. He noted that the handicapped people are one of the forces to revitalize the country, and urged all circles to create favorable conditions for them to participate in social activities. Vice-Minister of Railways Luo Yunguang said that his ministry would purchase more wheelchairs and provide other service facilities for the handicapped passengers.

These wheelchairs had been donated to the CWFH by Dr Ming-yu Tsai, chairman of the Mingyu Cultural Foundation in Japan.

RURAL SUPPLY, MARKETING COOPERATIVES DEVELOP

HK180932 Beijing RENMIN RIBAO in Chinese 17 Jul 86 p 2

[Newsletter by reporter Yang Chuanchun: "Rural Supply and Marketing Cooperatives Gradually Resume the Character of Enterprises Run by Local People"]

[Excerpts] Since the reform in 1982, the rural supply and marketing cooperatives have gradually resumed the character of "mass organizations, flexible operations, and democratic management." The vast number of supply and marketing cooperatives at the grass-roots level lay emphasis on overcoming "bureaucratic style in commerce" and enhancing their capability to serve the development of rural commodity production, thus increasing their vigor.

The rural supply and marketing cooperatives were formerly cooperative commerce run by local people. Later, they were gradually turned into "government-run" enterprises. Beginning in 1982, by sorting out shares and increasing the number of shares, the 35,000-plus supply and marketing cooperatives at the grass-roots level and the 600,000-plus supply and cooperative stores throughout the country carried out a reform aimed at resuming the character of "mass organizations, flexible operations, and democratic management". It was verified that cooperative members had paid 360 million yuan for shares in the supply and marketing cooperatives. The government also paid retroactively 120 million yuan in bonuses. Consequently, the peasants vied with one another to become shareholders. The number of peasant households buying shares has now reached 140 million, accounting for 85 percent of the total number of peasant households. The supply and marketing cooperatives have also reformed the labor and personnel system and perfected the system of congresses of cooperative members. Over the past few years, they have recruited over 270,000 contract peasants, and over 90,000 peasants have become leaders of the county federations of supply and marketing cooperatives, the supply and marketing cooperatives at the grass-roots levels, and the boards of directors or supervisory committees. [passage omitted]

The expanding scale of operations and the improve methods of service have stimulated rural commodity production and developed the supply and marketing cooperatives themselves. The fixed assets of the rural supply and marketing cooperatives have increased from over 9.9 billion yuan in 1980 to 17.9 billion yuan at present. Their storage facilities, transport vehicles, and service space have increased substantially.

Commentator's Article

HK180938 Beijing RENMIN RIBAO in Chinese 17 Jul 86 p 2

[Commentator's article: "Support Reform of the Supply and Marketing Cooperative"]

[Text] After carrying out reforms for more than 4 years, the rural supply and marketing cooperatives have gradually resumed their character as cooperative commerce "run by the local people." They are playing an ever increasing role in commodity circulation and information exchange. Practice shows that so long as the supply and marketing cooperatives persist in carrying out reforms and so long as governments at all levels and all trades and professions lend active support, the supply and marketing cooperatives will be able to give full play to their capabilities in the circulation field.

Having developed over the past 30-odd years, the rural supply and marketing cooperatives have built up a contingent of over 4 million workers and staff members, established a complete set of operational measures, and set up more than 600,000 stores. Following the efforts to sort out shares and to increase the number of shares, the fixed assets and the circulating capital of the supply and marketing cooperatives have increased substantially. It should not be denied, however, that the "bureaucratic style of commerce" developed over the years has not been completely eradicated and that the outdated system still considerably hinders the supply and marketing cooperatives from improving their service quality and developing their business operations. Only by persisting in reforming the management structure, the organizational system, and the methods of operation is it possible for the personnel, technology, facilities, and capital of the supply and market cooperatives to make greater contributions to the development of rural commodity production.

To enable the supply and marketing cooperatives to play a great role, it is insufficient to rely on the efforts of the supply and marketing cooperatives alone. All trades and professions should notice their importance and actively support their reform. At present, the supply and marketing cooperatives particularly need the vigorous support and help from governments at all levels and state-run commerce. In some localities, the governments do not sufficiently respect the peasants' right as the master of their own affairs. They wilfully interfere in the business operations of the supply and marketing cooperatives and transfer or dismiss at will the leaders of the supply and marketing cooperatives elected by democratic means. In business competition with the supply and marketing cooperatives, state-run commercial enterprises in some localities do not treat the other party as equal. They infringe upon the business right of the supply and marketing cooperatives by trying every means possible to maintain their monopoly over profitable items and to shift to others items that are unprofitable or yield little profit. Failing to have a free hand in their work and indiscriminately apportioning heavy expenses have also become an obstacle to the supply and marketing cooperatives responsible for their own profits and losses in the course of carrying out the reform.

Production and circulation act on each other. On the one hand, expansion of the circulation field depends on development of production, namely, the ample supply of commodities; on the other hand, only when products are absorbed in the course of circulation is it possible for production to expand and develop, which means it is necessary for goods to flow freely. A conspicuous contradiction now is that a closed circulation structure with few channels and many links is playing a tremendous role in obstructing the development of commodity production. For this reason, we should actively support the reform of the rural supply and marketing cooperatives with the attitude of supporting reform in the circulation field.

Allowing the rural supply and marketing cooperatives to play a greater role does not mean that we should define the status of the rural supply and marketing cooperatives as the "main channel of circulation," as has been done in the past. [paragraph continues]

The reform of the circulation field is aimed at establishing a new and open circulation structure with multiple channels and fewer links. We should help all kinds of circulation channels give full play to their capabilities and develop in the course of competition.

RENMIN RIBAO ON RECONSTRUCTION OF TANGSHAN

HK190723 Beijing RENMIN RIBAO in Chinese 17 Jul 86 pp 1, 2

["Feature Story" by reporter Ai Feng: "The Rise of the New Tangshan"]

[Excerpts] Ten years have passed very quickly. Reflecting on the past in light of the present, we shall find that each brick, each piece of stone, each blade of glass, and each tree manifests this truth: The CPC is wise and great, the socialist system is incomparably more superior, the PLA is loyal and reliable, and the people who have taken their fate in their own hands are invincible.

— Quoted from the "inscription of the Tangshan earthquake monument"

The serious Tangshan earthquake which shook the world occurred exactly 10 years ago. People have again shown great concern for this piece of land which experienced an extremely tragic catastrophe.

The following records are found in the world's history of earthquakes:

In 1600, the earthquake in Kriti, Greece, destroyed that prehistorically civilised area; in 1906, the earthquake in San Francisco, the United States, took away the vitality of that city for more than 30 years; in 1923, a serious earthquake occurred in Honshu, Japan and it took 20 years for Tokyo and Yokohama to restore themselves....

The Tangshan earthquake caused disastrous damage unprecedented in history. It destroyed a modern city with heavy industry, a city that had a 100-year history and a population of 1 million. At present, in the 10th year since the earthquake, the city solemnly declares that:

"The task of rebuilding Tangshan has basically been complete!"

"A brand-new Tangshan has again stood up loftily in eastern Hebei of China!"

Standing up Again After the Catastrophe

The unforgettable year of 1976. The decade of turmoil had already made the entire Chinese nation exhausted, but a handful of careerists were still beating hard the battle drums. Just at that time, nature became "enraged."

On the 53d second, at 0342 in the morning of 28 July 1976, a devastating earthquake of 7.8 scale and of 11 at the epicenter, like the explosion of 100 atomic bombs of the kind dropped in Hiroshima, occurred 11 kilometers underground near Tangshan and Fengnan, a densely populated area!

"Tangshan has been levelled to the ground!" These are the first words reported tearfully by post-quake hero Li Yulin and others, who quickly drove over 400 kilometers to Beijing, to the central leaders at Zhongnanhai.

Statistics released later showed that damage caused by the earthquake which extensively affected the Beijing-Tianjin area are:

dead — 242,769 persons;

seriously wounded -- 164,851 persons.

In Tangshan: 7,200 complete families died; over 1 million families had members killed; 2,652 children below 16 years old became orphans; 895 elderly people lost all their children; 2,817 persons became cripples.

97 percent of the above-ground buildings and 55 percent of the production equipment were destroyed.

Traffic, water supplies, power supplies, and telecommunications were all suspended. Calculable direct economic losses amounted to over 3 billion yuan at a minimum. [passage omitted]

Calling on You, New Tangshan

Tangshan was not "wiped off from the earth" as some foreigners put it. Ten years since then, a complete and new Tangshan has emerged, like the point of an awl sticking out through a bag, at the foot of Dacheng Shan and on the banks of Dou He. Its appearance after the disaster has attracted many visitors at home and abroad. [passage omitted]

Let us also look at the following figures:

In the last 10 years of reconstruction, a total construction area of more than 18 million square meters has been completed, as compared with only 13 million of the old Tangshan.

New residential areas of 11.2 million square meters have been built. Two hundred and twenty-six thousand households have moved into new houses, a number greatly exceeding the original number of 163,000 households. They account for more than 98 percent of the total number of households. [passage omitted]

Evidently, history has painted a magnificent page for yesterday's Tangshan. Let us see what brilliant picture it will paint in the coming decade!

RENMIN RIBAO URGES MORE TECHNOLOGY EXPORTS

HK190539 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 13 Jul 86 p 2

["Special Commentary" by Zhao Zhongsan: "Actively Expand Technology Exports"]

[Text] It is pointed out in the CPC Central Committee's suggestions on the "Seventh 5-Year Plan" that in order to solve the problem of increasing exports and earning more foreign exchange, which is of crucial importance to the overall situation of the country's modernization, it is necessary to actively expand technology exports. The purpose of this important decision is to speed up the country's four modernizations and to improve the country's international standing.

The export of technology is a form of technology transfer and an important means by which countries carry out technological exchanges among themselves. This also happened in ancient times. The Chinese nation is both hard-working and intelligent. Scientific and technological development in ancient China has a special place in the world's scientific and technological development. The introduction of gunpowder, the compass, printing, and papermaking, which are commonly referred to as China's four major inventions, to Europe had significantly contributed to speeding up the rise of a modern civilization there. The introduction of iron casting porcelain, and silk (sericulture and the production of textile goods) eastward to Japan and Korea by sea and westward to Europe via Arabia on land had contributed to the world's scientific and technological development. In fact, the famous "silk road" was one along which technology was exported and transferred. Thus, we can proudly say that our ancestors had already begun exporting technology in ancient times. However, protracted feudal rule, the implementation of a closed-door policy, and an anti-foreign attitude prevented China from carrying out technological exchanges with foreign countries and prevented progress in science and technology, with the result that modern China was very backward scientifically and technologically compared with other countries. Since its liberation, China has made considerable progress in science and technology. However, there is still considerable distance between China and advanced countries. As a result of the "10 years of turmoil," this distance has become even greater. Thus, in the course of the reform of the economic structure, which is developing in depth, it is necessary to strengthen scientific and technological exchanges in order to shorten the distance between our country and the developed countries and to catch up with, or even surpass, the scientifically and technologically advanced countries.

Generally speaking, China is quite backward in science and technology. However, this does not mean that it is backward in every field. In many fields, China has developed many unique types of technology which are up to the world's advanced standards or even better. Chinese technology and its technological products and technological service have very great competitive power on the international technology market. For example, China's blast furnace coal-powder spray technology, its top-heated hot blast stoves, its two-stage method for the fermentation of vitamin C, its new strains of hybrid paddy, its emulsified dynamite, its bismuth germanite crystals, and its carrier rockers have all been put on the international market. This shows that China has great potential for exporting technology, advanced technology in particular. Since 1979, more than 1,000 technological achievements have received national invention awards. They mean great wealth and can give a push to the country in its bid to join the world's advanced countries.

In recent years, as a result of rapid scientific and technological development, international technology has been rapidly expanding and business on the international technology market has been brisk. The total volume of international technology trade was $2 billion in 1965. It rose to $11 billion in 1975 and to $50 billion in 1985. In these 20 years, it increased 25 times at an average annual growth rate of 16.3 percent. The average annual growth rate of the total volume of world trade was only 3.3 percent within this period. By enthusiastically expanding technology exports, China is adapting itself to the world's rapid scientific and technological development.

While we are opening up the country to the world, revitalizing the domestic economy, and carrying out the reform of the economic structure, we can acquire the following benefits by expanding technology exports:

First, we can readjust the export product mix and gain entrance to the international market. China's export products in the past were mostly material products. Few of them were intellectual products. Most of these material products were mechanical or electrical appliances, agricultural products, native products, and handicrafts. This export product mix has affected our ability to dominate the market and to make our place in it more important. By expanding technology exports, we can readjust our export product mix, make our place in the international market more important, and dominate the international market.

Second, we can derive better economic results from technology exports and enhance our ability to earn foreign exchange. The four modernizations must be financed with much foreign exchange. Technology, as a resource or a source of wealth, can be traded for more foreign exchange than material goods. By exporting those types of technology that are suitable for export, we can attain better economic results and earn more foreign exchange to meet the urgent needs of the four modernizations.

Third, we can participate in the international technological competition and accelerate the country's scientific and technological development. Competition is a driving force. International technological competition can give impetus to various countries' scientific and technological takeoff. By expanding our technology exports and by directly competing with the advanced countries on the international technology market, we can develop our strong points, overcome our shortcomings, introduce a favorable environment for technological development, and encourage the development and perfection of new technology. In addition, we can also assimilate the advanced technology developed by other countries and speed up the four modernizations.

Fourth, we can train and produce a team of leading technological workers. Under the prolonged influence of a closed door policy, some scientific or technological workers in the country care very little about exports. Since they can compare their achievements with nothing, they either improperly belittle themselves or are conceited. In expanding technology exports, it is important that we give people a better idea of the need to export technology and set ambitious targets. By doing this, we can arouse our scientific and technological workers' enthusiasm for developing new technology, enable them to be more creative, and facilitate the growth of our scientific research teams while steadily expanding technology exports.

And fifth, we can transform our international image. By actively expanding technology exports, we can shorten the distance between the country and the world's advanced countries and help the former gradually join the latter. In addition, we can also transform the country's international image in the eyes of other peoples and improve its international standing. In ancient times, our ancestors presented "the four major inventions" to the world. Now, as outstanding members of the Chinese nation, we are confident that we can present even more advanced types of technology to the world. The "kingdom of bicycles" will certainly develop into a scientifically and technological advanced great country.

NONGMIN RIBAO URGES INCREASING PEASANT INCOMES

HK180807 Beijing NONGMIN RIBAO in Chinese 11 Jul 86 p 1

[Commentator's article: "A Question Not To Be Ignored — On Increasing Peasants' Incomes"]

[Text] According to a survey report drawn up recently by the departments concerned, this year some localities of our country have seen symptoms of a trend that peasants' incomes are going down. This is a question not to be ignored in our present rural work. The parties concerned should attach great importance to the question and take strong measures to deal with it promptly.

Since the 3d Plenum of the 11th CPC Central Committee, peasants' incomes have gone up greatly, year after year, along with the flourishing rural economy. Per-capita income in 1985 rose to 397 yuan, up by nearly 200 percent in only 7 years. This has become the focus of world attention, but we should not be content with the situation. Comparatively speaking, peasants in our country have, by and large, attained sufficiency in food and clothing, but there is still a long way to go for them to live a comparatively well-off life as the party interprets. What is more, hundreds of millions of peasants in remote mountain areas have up to now lived in poverty. An important task ahead of us now is to make continuous efforts to ensure a steady increase in peasants' incomes.

Whether peasants' incomes increase or not cannot simply be regarded as a question relating to their livelihood, because it greatly affects the development of agricultural production. It is simple to understand that if their incomes do not increase but decrease after a year of hard work, this certainly chills their enthusiasm in production. Meanwhile, if we view the question from the angle of agricultural investment, we may further understand the importance of increasing peasants' incomes. At present, and for a long time to come, our investment in agriculture will depend mainly on accumulation of agriculture itself, with only a small amount of funds allocated by the government. If peasants' incomes cannot increase, it is difficult for them to support their families. How could they have surplus money to invest in production? Investment is the basis of expanded reproduction. If investment in agriculture diminishes, it is hard to ensure the continuous and steady growth of farm production.

Whether peasants' incomes increase or not affects not only the growth of farm production but also the development of industrial production in the cities. Viewing the market alone, about 60 percent of goods supplied for retail sales is in the rural areas. If the per-capita purchasing power of 800 million peasants rises by 8 to 10 yuan every year, the figures will be fantastic. Furthermore, consumer demand in the rural areas at present is different from that in the urban areas. Generally speaking, peasants like to buy medium- and low-grade commodities, and these commodities conform relatively to our present structure of industrial production. It is thus obvious that the purchasing power of 800 million peasants is the most powerful motive force in our industrial production. In this sense, an ensured increase of peasants' incomes provides a guarantee for the development of industrial production in the cities.

Some comrades fail to understand the importance of increasing peasants' incomes. They see more unfavorable than favorable conditions in this question, so they think they can do nothing about it.

Such mental attitudes must change. True, the necessary readjustment of the state agricultural policies, the rise in prices of some means of production, the change of market demands, and unsound circulation channels have made it difficult to increase peasants' incomes in some localities, but this does not mean that we are not in a position to do something. For example, in order to readjust the production structure, the area sown to cotton in some localities was cut down according to state plans, and the prices of purchase were readjusted. This has inevitably affected peasants' incomes. However, there is a great potential for developing farm production, and we can tap new sources. If cotton growing gets nowhere, we can develop other industrial crops and if developing industrial crops will not do, we can plant grain crops and concentrate our efforts on grain processing. In addition, we can also develop non-farm production. In four areas of northwest Shandong Province, the area of cotton field was cut down by more than four million mu last year. This reduced the real income of peasants in these areas by 25 percent. But they did not moan and groan because of this. They plucked up their courage and transferred a part of the labor force to develop forestry, animal husbandry, sideline production, industry, commerce, transport and building industry. Finally they made up all they had lost in income due to the reduction of the cotton field area. The total output value of farm production in the four areas last year did not reduce but increased to some extent. It is thus evident that we are not in a state of inertia in increasing peasants' incomes. There is plenty of opportunity to make use of our prowess. What is important is that we must have the spirit to overcome difficulties of our own accord, know the law of developing the commodity economy in rural areas well, provide more social services such as information, technology, supply and marketing, and help peasants adapt themselves to market regulation so as to achieve the rational circulation and best combination of production essential factors.

The first half of 1986 has passed and the second half of the year will be more important for increasing farm production and peasants' incomes. In the second half of the year, efforts must be made to expand production of grain and industrial crops, and to develop the diversified productive activities. We hope rural cadres in all localities will seize the opportunity to strive for a bumper harvest this year, so as to ensure a steady increase in peasants' incomes. The departments concerned should take the interests of the whole into account, deepen their understanding, and try in every possible way to create conditions for increasing peasants' incomes.

NONGMIN RIBAO STRESSES IMPORTANCE OF AGRICULTURE

HK210335 Beijing NONGMIN RIBAO in Chinese 12 Jul 86 p 1

[Commentator's article: "While Exercising Macrocontrol, Put Agriculture in an Appropriate Position — Inspiration Drawn From This Year's Bumper Harvest of Summer Grain and Oil Crops"]

[Text] Although the output of summer grain was underestimated this year, the actual output is rather high. There is an unexpectedly good harvest of both grain and oil crops. As reported by the departments concerned, so far the growth rate of grain and oil crop storage has already surpassed the growth rate of the output, with the figures recorded in the same period of last year as the base. In the markets in most places, the prices of grain, forage crops, and oil crops have remained stable or dropped slightly. While purchasing crops according to the quotas set in contracts, the state has also offered to procure any amount of crops at the market prices or protective prices. [paragraph continues]

This year, great progress has been made in solving such old problems as the "difficulties that peasants encounter in selling grain" and the case of "grain becoming a drug on the market." Autumn grain is growing very well in most areas, with seedlings coming along fine. The masses say: "A good harvest of summer grain will ensure good harvests throughout the year. The crops appear to be very promising this year."

Some comrades have been worried by the slight decrease in grain output last year. This is quite natural, since "food is the people's first concern" or the source of energy for the labor force. Shortage of grain may affect the supply of grain ration and commodity grain, thus the surplus labor force in rural areas will hardly be able to be transferred to other economic sectors, animal husbandry and fisheries will go short of feed, the food processing industry and catering service trade will be seriously affected, and it will be difficult to readjust the production structure in rural areas. In consequence, it will be impossible to effect the planned market regulation for some commodities, small town and township enterprises will hardly be able to develop... Thus it can be seen that the grain problem is the main problem that agriculture faces. The development of agriculture and the steady growth in grain output are not only the basis of economic development but also an indispensable condition for the urban and rural reform. Now that a good harvest of summer grain has been reaped, the market price of grain has already sensitively reflected people's happy feelings. An ample or short supply always shows immediate effect. Therefore we should never treat the grain problem lightly. While exercising macroeconomic control, we must give agriculture its correct place. This is the first inspiration we have drawn from the bumper harvest of summer grain this year.

Because of grain production's decisive position, various localities have strengthened leadership over and service toward agriculture this year. A series of preferential measures, such as the lifting of restriction on the prices of grain in the market, the timely supply of production means, the moderate increase in agricultural loans, the supply of information and technology from various sources, and the implementation of the system of industry subsidizing and supporting agriculture, and so on, have been adopted to bring the peasants' initiative into play, so that the peasants will readily invest funds and labor in the fields, introduce scientific farming, and devote greater efforts to mid- and final-phase field management. In light of the harvests in different localities, mid- and final- phase field management has an important bearing on the harvest. Therefore, if one attaches real importance to agriculture, one must display the spirit of leadership through service and render more service to the peasants in a down-to-earth manner. This is the second inspiration we have drawn from this year's bumper harvest of summer grain.

We come to the third inspiration. The human factor is undoubtedly the major one contributing to the good harvest of summer grain this year. However, we cannot deny that the favorable weather also played a great part. Relatively speaking, our adaptability to the natural environment is still rather poor, restoration and construction of water conservation works lag far behind the agricultural development, and the mechanization standard remains very low. It is possible that there would have been no bumper harvest if the weather had been as unfavorable as in the previous period. Therefore, we should never feel complacent over the good harvest. [paragraph continues]

The weather will not necessarily be favorable in every season and every year. We must do our utmost to increase investment in agriculture, to improve the conditions for agricultural production, to increase agriculture's adaptability to natural calamities, and to strive for good harvest by fighting against natural calamities. While securing investment funds from the state, we must also raise funds among the masses, so that more funds will be available for investment in agriculture and reproduction on an extended scale.

By and large, from this year's good harvest of summer grain we can draw some inspiration, namely, it is necessary to attach importance to agriculture and to grain production, to strengthen leadership over and service toward agriculture, and to increase necessary investment in agriculture. At the moment, the top priority task before us is to make persistent efforts, strive for a bumper harvest in the latter half of the year, and draw up the summer grain production plan for next year, so as to lay down a sound foundation for the fulfillment of the Seventh 5-Year Plan in relation to agriculture!

CORRECTION TO LEADERS DISCUSS BUREAUCRATIC WORK STYLE

The following correction pertains to the item headlined "Leaders Discuss Bureaucratic Work Style," published in the 21 July China DAILY REPORT, page K 5, paragraph four, line one:

...Bo Yibo said: China's bureaucratism is bureaucratism that will not die and so it is extremely hard to put things right. Organs are...(rewording)

GUIZHOU HOLDS MEETING ON ASSISTING POOR AREAS

HK200846 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 17 Jul 86

[Excerpts] At the meeting of leaders of the teams of organs at the provincial level assisting the poor areas which was held by the peasants and workers department of the organization department of the provincial CPC Committee, provincial CPC Committee Secretary Hu Jintao pointed out: In the work of assisting the poor areas, we must help them arouse their enthusiasm and develop their intellectual resources and take such measures as are suitable to local conditions to do this work still better. [passage omitted]

In the first half of the year, the 11 teams of the organs at the provincial level assisting the poor areas embarked on 67 tasks to help the poor areas eradicate poverty and get rich and help them consolidate their enterprises well. They trained some 6,000 junior technical workers for localities and made contributions toward our province's work of assisting the poor areas. What is more important is that the teams assisting the poor areas conveyed to them the concern of the party and government for the masses of the poor areas and strengthened confidence in getting rich, invigorating Guizhou, and enriching the cadres and the masses of the poor areas. [passage omitted]

At the 3-day meeting of the leaders of the teams assisting the poor areas, leaders of the peasants and workers department of the organization department of the provincial CPC Committee listened to the reports by the work teams and arranged for the tasks of the work of assisting the poor areas for the second half of the year.

At the conclusion of the meeting, leaders of the provincial CPC Committee and provincial government, including Wang Chaowen and Ding Tingmo, attended the meeting, visited the comrades attending the meeting, and spoke.

SICHUAN'S NIE RONGGUI ON PARTY RECTIFICATION

HK210452 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 19 Jul 86

[Text] The 4-day provincial party rectification work conference concluded at the (Jinliu) Hotel on the afternoon of 17 July. Nie Ronggui, Zhang Lixing, and Xu Chuan, responsible comrades of the party rectification guidance group under the provincial CPC Committee, delivered important speeches at the conference.

In his speech, Comrade Nie Ronggui pointed out that with the efforts of CPC committees at all levels, party rectification has been developing healthily in the province and remarkable achievements have been made. The main reflections are that party members have been educated in party spirit and party discipline and submit themselves to and serve the party's general target and task, malpractices have been effectively curbed, and party organizational and ideological consolidation has been strengthened. All this has ensured and promoted the smooth progress of reforms and stimulated the development of commodity economy. Party rectification in units above the county level has now been completed, but we must not relax our efforts in consolidating and developing the party rectification results. We must properly carry out party rectification at the district and township level from beginning to end and must avoid slackness. We must further make clear the division of duties of grass roots, and particularly the division of duties of party and government organs, so as to establish a normal work system.

On party rectification at the village level, Comrade Nie Ronggui pointed out that we must carry out party rectification at the village level in a planned way and step by step. The general requirement is that rural party rectification must basically be completed before the spring festival next year. To guarantee the quality of rural party rectification, we must strengthen leadership. In particular, county CPC committees must bear extremely important responsibility for party rectification at the village level. They must pay serious attention to it and give meticulous guidance. We must continue to select and transfer cadres to strengthen rural party rectification and ensure that every village party branch has a competent and trained full-time party member cadre to act as a liaison officer and help party rectification.

In conclusion, Comrade Nie Ronggui said that rural party rectification in our province, which is on large scale, involves many fields and people in different areas, so the tasks in rural party rectification are arduous and not at all easy to fulfill. Therefore, CPC committees at all levels must pay serious attention to and properly carry it out. Cadres who take part in party rectification must work conscientiously and make party rectification at the rural party branch level a success.

XIZANG LEADERS STRESS EDUCATION FOR PROGRESS

HK190521 Lhasa Xizang Regional Service in Mandarin 1130 GMT 18 Jul 86

[Excerpts] On 17 July, the principal leading comrades of the regional CPC Committee and government including Wu Jinghua, Raidi, Doje Cering, and Dangzin, enthusiastically received responsible comrades of education departments and schools in 16 provinces and municipalities that are running schools for Xizang, together with some teachers of Xizang classes. During the reception, the leading comrades of the region reemphasized the importance of Xizang schools being run in the interior of China, and highly praised the contributions of the education departments and schools concerned in the 16 provinces and municipalities in training talented people for Xizang.

Raidi, deputy secretary of the regional CPC Committee, spoke at the reception. He said: Earth-shaking changes have taken place in all respects in Xizang since the liberation. However, economic development, culture, and education are far from being comparable with that in the interior provinces and municipalities. The CPC Central Committee has made the extremely wise strategic policy decision that 16 provinces and municipalities should help Xizang in running schools. An important item of work for building a united, well-off, and civilized new Xizang is to train talented people and to a good job in education. The practice of the past year in running schools in the interior has shown that the decision of the CPC Central Committee is correct. [passage omitted]

Regional CPC Committee Secretary Wu Jinghua reemphasized the importance of running schools in the interior. He said: It is relatively easy for all nationalities to attain political and legal equality after the proletariat has seized political power. However, it is not easy to achieve real equality in economics, culture, and education. Advanced nationalities have the duty to help the backward ones stride into the ranks of the advanced. [passage omitted]

XIZANG HOLDS PARTY SCHOOL WORK CONFERENCE

HK180824 Lhasa Xizang Regional Service in Mandarin 1130 GMT 16 Jul 86

[Excerpts] The second regional conference on party school work, which lasted 6 days, concluded successfully on the morning of 16 July.

(Shi Hongsheng), vice president of the regional party school, presided over the closing ceremony. Leaders of the regional CPC Committee, including Wu Jinghua, Raidi, and Dangzin, and leading comrades of the Propaganda Department and Organization Department of the regional CPC Committee, including Li Weilun, (Sun Yunzhou), and Cideng Pingcuo, attended the conference.

(Yang Yinglan), vice president of the regional party school, delivered the summing-up speech at the conference. He said: The second regional conference on party school work made achievements in three aspects:

1. This conference further defined the importance and urgency of strengthening training for cadres and of running party schools well.

2. It deepened understanding of the principle of stressing both.

3. Proceeding from realities, it initially explored several urgent problems of running party schools well and put forward some ways to solve them.

In dealing with further defining the importance and urgency of strengthening the training of cadres and of running party schools well, (Yang Yinglan) said: At present, Xizang is facing such a historical juncture that cadres are a decisive factor after the political line has been determined. Whether Xizang's work can be promoted depends, in the final analysis, on the problem of qualified personnel. The crucial problem of qualified personnel is the problem of education. Party school education is to train qualified personnel for the management of a county, a district, and a department. If the leadership groups of the 75 county CPC committees throughout the region have been trained and their theoretical and cultural quality improved, their working ability is strengthened. If the work of every county is promoted, Xizang is full of promise.

He said: Our region is now carrying out structural reform. A large number of middle-aged and young cadres have joined leadership groups at and above the county level. These middle-aged and young cadres urgently need cultural and theoretical training. Thus, party schools' tasks are fairly arduous and pressing.

While talking about deepening understanding of the principle of stressing both, (Yang Yinglan) said: The principle of stressing both is the principle of education formulated by the first regional conference on party school work for party schools at all levels of our region. This princple has been welcomed by the cadres, particularly the cadres of Tibetan nationality. However, some comrades have understood it differently. In the discussion at this conference, they came to unanimously understand this problem. That is, they must proceed from Xizang's realities, and party schools at all levels of the region must investigate and study the current state of the cadres of our region, particularly the minority-nationality cadres. The contents of training, theory, or culture must be determined by the current state of those who are trained. We cannot subjectively determine them. However, so far as guiding ideology is concerned, importance must be attached to both theoretical training and cultural training. Both courses must be run well. [passage omitted]

Regional CPC Committee Secretary Wu Jinghua and Deputy Secretaries Raidi and Dangzin also spoke at the conference.

TIANJIN'S NI ZHIFU SPEAKS AT COMMENDATION RALLY

SK210453 Tianjin TIANJIN RIBAO in Chinese 1 Jul 86 pp 1, 3

[Speech by Ni Zhifu, member of the Political Bureau of the CPC Central Committee and secretary of the Tianjin Municipal CPC Committee, at a 30 June Tianjin municipal rally to celebrate the 65th anniversary of the founding of the CPC and commend advanced party organizations and fine party members]

[Text] Comrades:

This year, 1 July will be a glorious festival in celebration of the 65th anniversary of the founding of the CPC. The ceremonious rally to commend advanced party organizations and excellent party members is a matter of great significance in party building. On behalf of the municipal CPC Committee, I first extend warm greetings to the 11 advanced party organizations and 22 excellent party members on which honorary titles were conferred as well as the 38 advanced party organizations and 198 excellent party members that were commended, and congratulate them on their outstanding achievements in, prominent contributions to, and lofty honors gained from building the socialist spiritual and material civilizations. I hope that they make greater efforts and continue to keep forging ahead in order to win greater honor. At the same time, I hope that the party organizations at all levels and all party members throughout the municipality learn from the advanced and regard the drive to learn from the advanced and strive to be excellent party members will emerge.

Although the party members that were commended by the municipal CPC Committee this time are in the minority of the 500,000 party members of the municipality, they are the main aspect of the ranks of the municipality's party members. The overwhelming majority of party members in Tianjin are good and comparatively good. In particular, through party rectification, notable changes have taken place in the situation of the party organizations and the mental outlook of party members and the party's combat effectiveness has been strengthened. We cannot separate the achievements in the two civilizations made in the first 5 years of the 1980's from the efforts of the party organizations at all levels and the vast number of party members. Facts have proven that since the 3d Plenary Session of the 11th CPC Central Committee, the party has truly realized a notable turn for the better in party style and has enjoyed increasingly higher prestige among the masses. Although dark sides of things exist in the party, the party is brave in exposing and eliminating corrosive practices. This indicates that the party has strength and confidence. Only when we resolutely and persistently grasp all fields of work concerning straightening out party style and continue to strengthen the ideological and organizational construction of the party in line with the plans of the central authorities will we certainly clean the dirt off our bodies, realize a fundamental turn for the better in party style, and better guide the masses to push forward our great cause.

The heavy task of leading the entire masses to realize the four modernizations and to build a powerful socialist country has historically fallen to Communist Party members. What should Communist Party members do in order to accomplish the heavy task entrusted by history or to certainly live up to expectations of the people? Today's rally has answered this question. The excellent party member with advanced ideas and exemplary deeds have vividly given examples for us. I hold that party members should attend to the following few tasks in order to play an exemplary role in the two civilizations in the new situation.

First, Communist Party members should have firm communist ideals and belief.

The lofty communist ideals are banners to guide the working class to make progress as well as the spiritual pillar of Communist Party members. Our party won a great historic victory by leading the people throughout the country to carry on a long-term arduous struggle. In the course of the struggle, the party constantly paid attention to conducting the education on communist ideals among all party members so that Communist Party members were able to persist in their own belief. This was the party's source of strength in turning failure in revolution to victory and advancing toward a greater victory. Reviewing the party history, we can witness three historical changes from failure to victory. The first change was from the failure in the great revolution to the rising of the Agrarian Revolution; the second was from the correction of Wang Ming's erroneous "leftist" idea to the launching of the world-famous 25,000-li Long March, during which the party guided the people to comprehensively launch the anti-Japanese national liberation war; and the third was the beginning of the great transition in the party history which is of profound significance after the 3rd Plenary Session of the 11th CPC Central Committee. Particularly during the current historical transition, our party has always stressed the importance and need to strengthen education on the communist ideals. The 12th party congress considered the building of spiritual civilization a fundamental goal closely integrated with the building of material civilization and pointed out that without the socialist spiritual civilization focusing on the communist idea, it would be impossible to build socialism. In building socialism, we should not only rely on the growth of material wealth, but also on the constant improvement of the people's awareness in the communist idea and the continuous development of the revolutionary spirit. At the 1985 National Conference of Party Delegates, Comrade Xiaoping seriously pointed out: No matter how weak our party was and what difficulties it met in the past, our party has always had a strong fighting capacity, because it has been equipped with the Marxist and communist beliefs. With a common ideal, there will be an iron discipline. This was, is, and will be our actual superiority. This has raised the communist education to a new level.

We can see with happiness that during the past few years, along with the constant deepening of the socialist spiritual civilization and the ideological education among party members, a large number of fine party members and cadres who have revolutionary ideals, moral integrity, and discipline have emerged on all fronts. Some of these party members and cadres were commended at this rally by the municipal CPC Committee. All party members should steadfastly adhere to communist ideals, belief, and morality; should foster the idea of being the master, the idea of collectivism, and the sense of organization and discipline; and should fully carry forward the spirit of serving the people and the communist labor attitude. At the same time, they should constantly spread advanced ideas and set examples in their practical behavior to mobilize increasingly more people to become new persons with lofty ideals, moral integrity, knowledge, and discipline.

Next, we should combine lofty ideals with the current fighting goals, and plunge into the great and mighty torrent of reform.

Communism is not only a scientific ideological system and a completely new social system, but also a revolutionary movement through which the old society will move toward a future one. Over the past 65 years, the party's struggle and practices in each historical stage have been designed to attain the future great communist goal. The fighting goals of our party for each stage are precisely designed to attain this "great goal" at last. During the present stage, our task is to fulfill the four socialist modernizations. To attain this goal, the CPC Central Committee has set forth the plan of "walking in three major steps," with an aim toward building our country into a strong and modern socialist country which would approach the level of the developed countries by the middle of the 21st century. To this end, we must persistently implement the basic national policies of reform and opening to the outside world. This is how to apply communist ideals to the practice at the present stage. All party members should understand, uphold, and promote reform from the high plane of fulfilling the four socialist modernizations and communist ideals, and should consciously plunge into the mighty torrent of reform.

Comrade Xiaoping has pointed out recently: Accomplishing the four modernizations is an overriding task, and the focus of this task is to carry out reform. At present, focusing on the issue of reform, all party members should clarify their understanding of the following: First, the orientation of reform is totally correct, and should be and can be maintained persistently. The trend of reform is irreversible. We should fully understand this, the most important point, and should never waver or even lose our confidence. Second, as there is no ready-made pattern to follow, we should rely on ceaseless exploration to continuously improve and push forward our reform. The principle for this year's reform is "consolidation, assimilation, supplement, and improvement," which represents a principle of steady advancement, and should be upheld conscientiously. Third, as far as the structural reform as a whole is concerned, we are in a period of transition from an old system to a new one. Reform reflects a course of gradual progress, and the reform there should also be a course for the people to gradually suit their thinking to the situation. Communist party members, the party's cadres at all levels in particular, should not only adapt their thinking and work to the situation of reform but also stand at the forefront of reform, and lead the masses to overcome difficulties in reform with a reformative spirit just as the fine party members who are commended today for their prominent achievements in reform have done. Fourth, it is necessary to correctly understand the relationship between reform and the correction of unhealthy trends. During the previous period, some people who harbored individualistic ideas to a serious extent took advantage of loopholes in reform to engage in unhealthy trends, and law and discipline violating activities. However, we must never jump to the conclusion that unhealthy trends are brought by reform. When performing the work of rectifying party style, we must pay attention to clearly distinguishing unhealthy trends from temporary mistakes in reform, and we should never lump them together. Unhealthy trends must be corrected resolutely, and reform must be carried out unswervingly. These two tasks should be grasped simultaneously, and should coordinate with and promote each other.

At present, our economic situation is, generally speaking, in good shape, reform is being conducted comparatively smoothly, and the national economic development has become more normal. However, some conspicuous problems still exist. At a conference of leading district, county, and bureau cadres held on 26 June, Comrade Li Ruihuan delivered a speech on the major measures our municipality will adopt for its economic work for the latter half of this year on behalf of the municipal CPC Committee and government. [paragraph continues]

It is hoped that party organizations at all levels throughout the municipality, and all Communist Party members will vigorously swing into action, strive to increase revenues and cut expenditures, and ensure the implementation of these measures with their vanguard and exemplary role.

Third, it is necessary to correctly handle the relationship between individual interests and the interests of the party and the people.

Comrade Yaobang recently called on every party member to subordinate his individual interests to the party's interests without preconditions. This is the fundamental demarcation line which distinguishes party members and nonparty masses. It is precisely because, Communist party membes not only always place the interests of the party and the peole above their own individual interests, but also voluntarily safeguard and realise the interests of the party and the people at the expense of their individual interests when necessary, that we say that they have proved to be an advanced part of the proletariat. During the current situation, must of our party members are able to serve the people and implement the party's line, principles, and policies. However, we have also often noted that some of them cannot withstand the tests. Some party members are indifferent to the interests of the party and the people while being preoccupied with their own. Others are individualistic to a very serious extent, and even abuse power for selfish gains. A very small number of them are in total disregard of party discipline and state law, violate the law, and transgress our codes of discipline to a serious extent, and completely lose their fundamental stand as Communist Paryt members. The contradiction between them and the party has become antagonistic. All party members should take the initiative to temper themselves with party spirit, work wholeheartedly for the people, strictly abide by party discipline, pay attention to resisting the corrosive influence of various corrupt ideas, struggle against all evil trends detrimental to the interests of the party and the people, voluntarily subordinate their individual interests to the interests of the party and the people, be the first to bear hardships and the last to enjoy comforts, never abuse power for selfish gains, and make all of their speeches and acts compatible with the greatest interests of the broadest number of people.

Fouth, it is necessary to carry forward the spirit of waging arduous struggle and doing solid work.

Comrade Mao Zedong said: "The establishment of the socialist system has opened up a road for us to reach an ideal state, but the realization of the ideal stare depends on our diligent labor." It is a fine tradition of communists to combine lofty ideals and fighting goals with the spirit of waging arduous struggle and doing solid work. In the new historical period, the spirit of doing solid work is need to develop socialist productive forces, to promote overall structural reform, to strengthen the building of the socialist spiritual civilization,and to correct unhealthy trends. Displaying such spirit, we will certainly be able to achieve greater progress. All party members should not only foster lofty communist ideals but also be men of action to carry out arduous struggles, do more solid work, guard against giving empty talk, implement the party's principles and policies in a creative manner, treat their own work with a communsit labor attitude, and fulfill their work and production tasks with high efficiency and quality.

Fifth, it is necessary to be examples in study.

Since the beginning of this year, party organizations at all levels throughout the municipality have attached importance to study, and some of them have established study central groups. This is very good. It is out of the question for a communist party member to firmly believe in communism and devote all of his life to realizing communism without knowing the basic Marxist theory. Without knowing scientific and general knowledge modernisation is also out of the question. Party members, party-member cadres in particular, have many things to learn. First of all, they should read some Marxist classics, master the Marxist stand, viewpoints, and methods, and use them as a guide in their practice and their efforts to solve practical problems. Meanwhile, they should conscientiously study the party's line, principles and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee, clarify the important issues concerning domestic and foreign policies, and maintain unity with the CPC Committee ideologically and politically. In addition, they should also study scientific and general knowledge to enhance their competence in carrying out the four modernizations. If all communist party members foster lofty revolutionary ideals, posses the spirit of working for the party's cause in a down-to-earth manner and dedicating themselves to the interests of the people, and master knowledge and the practical skill to serve the people, the quality of the contingents of party members will be greatly improved, the party's combat strength will be greatly enhanced, and our great and glorious party will be able to lead the masses in carrying out the behest of the forerunners of communism, and accomplish and unprecedented great cause.

TIANJIN PLA CADRES STUDY MARXIST THEORIES

OW182210 Beijing XINHUA Domestic Service in Chinese 0736 GMT 18 Jul 86

[By reporter Cheng Guanglong]

[Excerpts] Tianjin, 18 Jul (XINHUA) -- The party committee of a tank regiment under the PLA Tianjin Garrison district pays attention to new cadres' study of basic Marxist theories, and makes the study program a fundamental measure to improve the cadres political quality and the regiment's ideological education. In the last 2 years, they have given more than 60 lectures on Marxist philosophy, political economy, and scientific socialism. Eighty-three percent of the cadres have completed two or more courses. [passage omitted]

The lectures on basic Marxist theories given by the regiment are designed to enhance the cadres ability to analyse and solve problems using a Marxist stand, viewpoint and method. They integrate the study of basic Marxist theories with the study of important documents adopted since the 3d Plenary Session of the 11th CPC Central Committee. The cadres have been organized to study such classical works as "Scientific Socialism," "Critique of the Gotha Programme", and "Politicis and Economy Under the Dictatorship of the Proletariat." They have also seriously studied such documents as Comrade Deng Xiaoping's "Building Socialism With Chinese Charactristics" and "Decision of the CPC Central Committee on Reform of the Economic Structure." The study has raised the cadres' awareness of the need to uphold the four basic principles and keep an ideological and political unity with the party Central Committee. [passage omitted]

SUN WEIBEN HAILS HEILONGJIANG LAND RECLAMATION

SK211159 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 20 Jul 86

[Excerpts] On the morning of 20 July, Heilongjiang Province ceremoniously held a meeting in Jiamusi City to hail the achievements scored by the demobilized servicemen and the armymen who have been transferred to civilian jobs in reclaiming the wasteland in the province. [passage omitted]

Hou Jie, governor of the province, presided over the meeting that was participated in by 430 representatives of the demobilized servicemen and the armymen who have been transferred to civilian jobs from reclamation areas throughout the province. [passage omitted] Comrade Wang Zhen, vice chairman of the Central Advisory Commission, personally wrote words of commemoration for the meeting, calling for waging an arduous struggle and boldly pioneering roads. The PLA General Political Department also sent a congratulatory letter to the meeting. Attending the meeting were Du Runsheng, director of the rural Policy Research Center of the Secretariat; and leading comrades of the provincial CPC Committee, the provincial people's government, and the provincial People's Congress, including Sun Weiben, Hou Jie, Chen Yunlin, Wang Yusheng, Wang Lianzheng, and Zhao Zhenhua.

At the meeting, Comrade Sun Weiben delivered a speech. Attending the meeting to extend their congratulations on the occasion were Yang Chen, vice minister of civil affairs; Liu Zheng, vice minister of agriculture, animal husbandry, and fisheries; representatives from the central level and state organs, and other departments and commissions concerned; and representatives from the PLA General Political Department, from the Political Department of the Shenyang Military Region, and from the reclamation areas of fraternal provinces. [passage omitted] In his speech, Sun Weiben stated:

[Begin recording] Comrades: Today's meeting in honor of the achievements scored by the demobilized servicemen and the armymen who have been transferred to civilian jobs in reclaiming the wasteland in the province and in building the reclamation areas represents a big event in the province's history of agricultural reclamation, fully reflects the high appraisal and respect shown by the party and the people for the broad masses of the demobilized servicemen and the armymen who have been transferred to civilian jobs, who are devoting themselves to reclaiming the wasteland and building the reclamation areas in the northern border region of the country, and fully indicates the outstanding achievements scored by the broad masses of these servicemen and armymen in the vast lands of the province. I, on behalf of the provincial CPC Committee and the provincial people's government, would like to extend warm congratulations and cordial regards to the more than 400 representatives attending the meeting, to the more than 10,000 armymen who have been transferred to civilian jobs, to the family members of these armymen, and to all staff members and workers in the reclamation areas throughout the province. [passage omitted] [end recording]

In his speech, Sun Weiben stated: The history of reclamation throughout the province is an epic one of arduously conducting pioneering work, forever making progress, and achieving advances and development. Through nearly 40 years of efforts to arduously conduct pioneering work, the great northern wilderness in the northeast territory of the great socialist motherland has become the great northern grain granary. This is a change with historical significance, in which the broad masses of the demobilized servicemen from various localities throughout the country and the armymen who have been transferred to civilian jobs have selflessly dedicated their youth and energy to the reclamation program.

In his speech, he stated: Building the state socialist farms with Chinese characteristics is the new target being vigorously fulfilled by 710,000 staff members and workers of the agricultural reclamation areas with the backbone force of the demobilized servicemen and the armymen who have been transferred to civilian jobs. At present, the province has more than 100,000 farms in various categories run by the family members of the staff members and workers. The system in which small farms have been opened under the large ones has initially taken shape. The drive to conduct reforms has brought about limitless life and tremenduous vitality to the state farms and an unprecedented upsurge in the enthusiasm and creativeness of staff members and workers. The spirit displayed by the great northern wilderness is the heritage and development of the spirit displayed by the farms in Nanniwan District in the new historical period. Therefore, the spirit displayed by the northern wilderness will be carried forward generation by generation as well as reflect former times. In his speech, Sun Weiben stated:

[Begin recording] In reviewing the past, we have found that the broad masses of demobilized servicemen and the armymen who have been transferred to civilian jobs have scored glorious achievements in the history of the country's agricultural reclamation program. In looking forward to the future, we have discovered new and more arduous tasks imposed by this history on the broad masses of demobilized servicemen and armymen who have been transferred to civilian jobs as well as of staff members and workers among the reclamation areas in the province. The task of reclaiming the wasteland on a large scale in the province has been great. Major future tasks are to bring into full play the strong points of state farms that have scored a high standard in mechanizing farming operations, have abundant natural resources including land, and have achieved a high ideological and cultural quality among the staff members and workers; to conduct reforms or create something new in order to march forward the promotion of production in both depth and breadth; to pave a road of developing socialist farms suitable to the characteristics of the province and the country; and to encourage the state farms throughout the province to achieve a large increase in economic results and to be the vanguards of farming areas throughout the province in becoming wealthy rapidly and ahead of schedule and in realizing the agricultural modernization at an early date.

Comrades, the future appearance of the states farm complex in the province, in which the economy is prosperous, livelihood is wealthy, and social morale is good, will certainly exert the greatest influence on economic development throughout the province, particularly on economic development in rural areas, and will certainly play the role of example in this regard. The provincial CPC Committee and the provincial people's government are firmly convinced that the broad masses of demobilized servicemen and armymen who have been transferred to civilian jobs as well as of the staff members and workers of the agricultural reclamation areas will certainly be able to completely fulfill their heavy duties and to make all-out efforts to continously score contributions to achieving the great development of the rural economy in the province. [end recording]

CENTRAL LEADERS CONDOLE LIAONING OFFICIAL'S DEATH

SK170354 Shenyang LIAONING RIBAO in Chinese 4 Jul 86 p 1

[Excerpts] Comrade Zhou Chiheng, vice chairman of the Standing Committee of the Fifth Liaoning Provincial People's Congress, and a retired cadre, died of illness in Shenyang on 18 June 1986 at the age of 71, after all lifesaving efforts had failed.

After the death of Comrade Zhou Chiheng, some central leading comrades including Peng Zhen, Wan Li, Song Renqiong, Huang Huoqing, and Duan Junyi; as well as Comrades Wan Yi, Guan Shanfu, Su Gang, Chen Puru, Yu Ke, Li Guixian, and Sun Weiben respectively expressed their condolences and sympathy by sending envoys and condolence messages and through phone calls. They also sent wreaths to the deceased. Also sending wreaths were the Organizational Department of the CPC Central Committee; the CPC Committee, the Headquarters, the Political Department, and the Logistics Department of the Shenyang PLA Units; the Northeast China Economic Planning Office under the State Council; the Liaoning Provincial CPC Committee; the Liaoning Provincial Advisory Commission; the Liaoning Provincial Discipline Inspection Commission; the Liaoning Provincial People's Congress; the Liaoning provincial people's government; the Liaoning Provincial CPPCC Committee; the Jilin Provincial CPC Committee; the Jilin Provincial Advisory Commission; the Jilin Provincial People's Congress; the Jilin provincial people's government; and the People's Congress Standing Committee of Shaoxing City in Zhejiang Province, the hometown of Comrade Zhou Chiheng. [passage omitted]

On the morning of 30 June, some leading comrades of the provincial organs and some representatives of workers went to the hospital to pay their last respects to the deceased. Among the leading comrades of the provincial authorities and the provincial Military District who paid their last respects to the deceased were Sun Qi, Zhang Zhengde, Xu Shaofu, Dong Keda, Chen Sushi, Shen Xianhui, Shang Wen, Bai Licheng, Wang Julu, Wang Guangzhong, Xie Huangtian, Zhang Tiejun, Lou Erkang, Tang Hongguang, Gu Jingxin, Liu Zenghao, Feng Yousong, Zhang Zhiyuan, Zuo Kun, Yu Jingqing, Zhang Yan, Yue Weichun, Qi Kaiyan, and Li Ming. Also paying last respects to the deceased were some veteran comrades who had stepped down from their leading posts to the second and third lines of posts, including Huang Oudong, Li Huang, Li Tao, He Quingji, Luo Dingfeng, Liu Yiyun, Chen Yiguang, Zhang Qingtai, Zhao Shi, Liu Wen, Liu Peng, Wang Jiyuan, and Zhao Qi.

Comrades Wu Shaowen and Yang Zhantao, close friends of Zhou Chiheng when he was alive and representatives of Jilin Province; and Comrade when he was alive and representatives of Jilin Province; and Comrade Deng Zhongru, representative of Shenyang City, made a special trip to Shenyang City to pay their last respects to the deceased.

Comrade Du Rui, wife of Comrade Zhou Chiheng, and Zhou's children sent wreaths to the deceased.

When Comrade Zhou Chinheng was seriously ill, Comrades Song Renqiong, Guo Feng, Huang Oudong, Li Guixian, Quan Shuren, and Zhang Zhengde and respectively went to the hospital to visit him.

CORRECTION TO LIAONING COMPLETES ARMED FORCES TRANSFER

The following correction pertains to the item headlined "Liaoning Completes Transfer of Armed Forces Departments," published in the 18 July China DAILY REPORT, page S 2, paragraph two, line twelve:

...people. Song Keda, deputy political commissar of...(adding word "deputy")

TAIWAN WILL CONTINUE BAN ON COMMUNIST VISITORS

OW230051 Taipei International Service in English 0200 GMT 21 Jul 86

[Text] The Government of the Republic of China has reiterated its ban of any person from a communist country visiting or attending meetings in or participating in sports events in the Republic of China for national security. Foreign Ministry spokesman Chiu Chin-i said that the nation is still in a period of emergency, and to protect the country against communist subversion, the government will continue to prohibit visits by anyone from the communist bloc. Chiu's statement was seen by some local observers as a response to a recent unconfirmed report that two young go players from Eastern Europe wanted to take part in a go tournament in Taipei but were said to have been denied entry visas.

Commenting on trade affairs with East European nations, the spokesman said: Economic and political affairs should be seperated and treated on a case by case basis.

LIBERALIZATION WILL NARROW TRADE GAP WITH U.S.

OW211325 Taipei CHINA POST in English 16 Jul 86 p 12

[Text] Only liberalisation of trade will help narrow the trade gap between the Republic of China [ROC] and the U.S., Chao Yao-tung, chairman of the Council for Economic Planning and Development told participants of the National Developoment Seminar [NDS].

He also noted that Sino-American trade frictions have been caused primarily by differences of industrial structures and production costs. If the problem can not be solved, the trade imbalance will continue to increase, he warned.

The government has always encouraged local businesses to invest in the U.S., Chao said, adding that unlike South Korea, the government adopts a hands-off policy on the matter.

He also warned that some problems were caused by the nation's transition from an agricultural to an industrial society.

As an illustration, he stated that to allow free imports of American tobacco and wine may adversely affect the production of such domestic agricultural products as grapes and tobacco. To narrow the trade imbalance, the two sides have no other alternatives but to uphold the spirit of free trade, he stressed.

Chao also told the NDS scholars that Mainland Chinas export trade is controlled by the "government." To avoid compromising the ROC's staunch anti-Communist stand and running the risk of economic losses, the ROC has to ban direct trade with Peking.

HONG KONG PAPER ON 'EXODUS' FROM SHENZHEN

HK210356 Hong Kong HONG KONG STANDARD in English 21 Jul 86 p 8

[By To Yiu-Ming]

[Text] About a fifth of Shenzhen's 500,000-plus population have moved out of the special economic zone in the past 12 months or so, THE STANDARD has learned.

The "exodus" is part of the effort to reorientate the four special economic zones, including Shenzhen, towards an export-based economy, as directed by the Central Government last year.

Informed sources told THE STANDARD that in Shenzhen more than 50,000 construction workers had been laid off and sent back to their rural home counties to put a brake on the building industry.

Under the revised policy, THE STANDARD understands hotel projects have been scaled down or scrapped. Other completed blocks will be used for different purposes.

Sources said the laid-off are mainly peasants without the necessary skills for other jobs in the manufacturing sector in Shenzhen.

Shenzhen's development has been criticized for relying too heavily on selling imports to other cities in the hinterland as well as for its non-productive business such as tourism and property development.

It is also learnt that the new mayor of Shenzhen, Mr Li Hao, is determined to lay off redundant workers to lighten the financial burden on the local government.

Before the Lunar New Year, he repatriated about 40,000 people who had legally or illegally migrated into the economic zone in the past few years through personal connections with local officials or other influential people in the government, a source said.

Following the stepping down of the former mayor Liang Xiang last September, it was expected that the new chief would initiate major corrective changes.

But Mr Li has maintained a low profile and insists that no major reforms are coming.

A source said, however, that Mr Li has been working hard on pressing issues since he took over.

He works on many fronts to implement the directive to channel all efforts and resources to export-oriented projects.

To save funds for such projects, the local government has stopped or postponed work on 84 projects involving 2.1 billion renminbi.

Apart from reducing the population and setting new investment priorities, Mr Li has also ordered a 20 percent pay cut for all staff of state enterprises in the municipality. This is an average reduction of 200 renminbi

The reason for this is to reduce production costs and to increase the competitiveness of export products.

According to official statistics, exports have since gone up by 23 percent in the first quarter, breaking the U.S. $100 million (HK$780 million) mark.

But Mr Li's reforms still have to overcome a number of obstacles ahead, the most serious of which is deep-rooted bureaucracy.

The source said Mr Li had to work with a city government made up of party members of various backgrounds with different working styles and values.

Though noted for his administrative skills during his days as Deputy Secretary-General of the State Council, it is still too early to say if he can gear in with the local cadres, one source said.

But the latest reshuffle of the municipal government points to a victory in his battle against bureaucracy.

But he still faces an acute shortage of educated manpower which is unlikely to be solved in the near future.

Of the 400,000-strong population in the zone, only 10,000 people have a higher education, a source said.

ZHONGUO TONGXUN SHE COMMENTS ON CPC POLITICAL REFORM

HK200422 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0947 GMT 18 Jul 86

[Article by Tian Ye: "A Concise Discussion of the CPC's Reform of the Political Structure" — ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 18 Jul (ZHONGGUO TONGXUN SHE) — The CPC's reform of the political structures now becoming a focus of attention.

Not long ago, Deng Xiaoping said that the reform of the urban economic structure to be carried out by China in the next 5 years was in fact a reform of the country's overall economic structure and that the reform of some aspects of the political structure constituted part of this reform of the economic structure.

It can be seen that Deng Xiaoping was trying to incorporate the reform of some aspects of the country's political structure into the reform of the country's economic structure and that he regards the latter as both the starting point for and the ultimate purpose of the former. The word "some" preceding the phrase "aspects of the political structure" clearly tells us that it is necessary to consider the reform of those aspects of the political structure that impede the economic reforms in order to facilitate the in-depth development of these economic reforms.

Compared with the reform of the economic structure, the reform of the political structure appears subordinate, secondary, partial, and selective. However, I believe that it is not a less formidable task than the other. Although turbulence is quite unlikely, things will not be smooth either. It will be like the reform of the economic structure, which was obstructed from the outset. Zhao Ziyang frankly admitted this in Yugoslavia not long ago.

It seems possible that in addition to objective obstacles, a net knitted with such feudal, patriarchal stuff as loyalty to the emperor, the partriarchal system and lifelong tenure of office in our several thousand years of history will also obstruct and impede the reform of the political structure. These traditional ideas still influence us in actual life. Having been caught in this net for so long, many people are so accustomed to it that they are unwilling to free themselves. In order to carry out the reform of the political structure, it is necessary to boldly tear apart those outmoded "nets" that have been proven by practice to be not completely correct and to accept new ideas. Of course, in destroying the old and establishing the new, there is always the problem of conflict between advanced ideas and feudal, conventional ideas. However, it is said that China's reforms are endorsed by its people. This is the main reason so many people are optimistic about these reforms.

According to Deng Xaioping, the 5 years covered by the "Seventh 5-Year Plan" are of crucial importance. It is hoped that he will be able to fundamentally change old China's fate with a firm grasp of this "crucial importance."

PANEL RECOMMENDS DIRECT ELECTIONS BEFORE 1991

HK200330 Hong Kong SUNDAY STANDARD in English 20 Jul 86 p 1

[By Esther Leung, David Wong]

[Text] Direct elections should be introduced to Hong Kong within the next five years, a Umelco panel on constitutional affairs recommended yesterday.

Most legislative Councillors on the panel favoured direct elections being introduced from 1988 or 1991 onwards, and that the present system of indirect election be kept on at the same time, according to the panel's deputy-convenor, Mr Andrew Wong.

Sources in China told THE STANDARD yesterday that the Chinese Government's thinking also tends to favour having legislative Councillors who ar produced through a mixture of direct and indirect elections for the Special Administrative Region Government after 1997.

But they are concerned that the pace of direct elections should not go too fast as the proportion of directly elected members would become so great that it could upset "the delicate political balance within the law-making body."

"The first step is the crucial because it is virtually impossible to make a U-Turn afterwards," a source said.

This appears to reinforce an earlier point made by senior government and Chinese officials that the political reforms in the territory and the Basic Law being drafted could be compatible to each other since both sides have tended to reach a consensus on the vital issue — the introduction of direct elections.

At yesterday's meeting, members of Umelco's panel examined two possible methods for future elections for returning legislative Councillors -- both of which have a direct election element, but systems vary according to the size of the constituencies.

One method is to inject an element of direct election into the present structure whereas the other is to let candidates for electoral colleges be elected by voters in the districts.

The panel has received many proposals, submitted by the public, regarding the future structure of the Legislative Council and these have been put into a discussion paper, said the convenor, Mr Chen Shoulum.

At the meeting, the panel summarised the opinions into two major suggestions which it considered worth studying.

The first method was to retain the present elements in Legco, that is, the functional constituencies, the electoral colleges, the appointed members and the official members.

But a new element, members directly elected by the public, will be added to the present structure, he said.

The second option was to make changes in the election procedure of the electoral colleges while all other sectors will not be changed.

The prodecure of having district board members elect a member from among themselves to sit on the council will be abolished by this method.

Instead, representatives will be elected by voters in the district.

There was a bit of dissention among the panel members about the most favourable time to introduce direct elections, some suggested 1988, while others favoured 1991 so as to allow more time to see how well the present system worked.

But the proportion of Legco members created through direct elections by either of the two methods had yet to be sorted out, Mr Chen said.

He said the panel will study the two systems, their problems and effects, and welcomed any other suggestions.

He said the panel's discussion on the structure of Legco follows the aims of the 1987 review of representative government.

It is based on the present system and within the boundaries of the White Paper and the Green Paper of 1984, and the Sino-British Joint Declaration, he said.

JOURNALIST EXPELLED BY PRC ARRIVES KAI TAK

HK230452 Hong Kong Commercial Service in English 0430 GMT 23 Jul 86

[Text] British journalist John Burns has arrived in Hong Kong after being expelled from China for entering an area forbidden to foreigners. He spent almost a week in custody in Beijing and told newsmen at Kai Tak the whole affair was nonsense. Mr Burns believes he has done nothing wrong.

[Begin Burns recording] I engaged in a quite legitimate journalistic activity. I traveled to the countryside of China to see for myself spontaneously what differences had been brought by the reforms of the last few years.

This was a completely normal activity by a reporter, and what's more, it was a completely normal activity by somebody who has completely friendly feelings toward the people of China, which were altogether enhanced by my week on the road and those feelings have not in any way changed as a result of what happened in the past week. [end recording]

Mr Burns, who was the NEW YORK TIMES correspondent in Beijing, says the decision to release him was sensible. He adds that he was treated fairly whilst in custody.

HONG KONG-EEC TEXTILES TALKS END IN STALEMATE

HK200310 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 20 Jul 86 p 2

[Text] The second round of bilateral textile negotiations between the European Economic Community and Hong Kong ended yesterday afternoon without a conclusion.

The talks, which began in Brussels on Thursday, will resume at a date to be announced later.

Commenting on the talks, Mr Hamish Macleod, who led the Hong Kong negotiating team, said the talks had covered all the main issues and had included formal proposals by each side.

"The gap between the sides is quite wide -- we are frankly somewhat disappointed that to date there has been no discernible recognition of Hong Kong's open market, but both sides have been making genuine efforts to bridge the gap and we look forward to renewing those efforts in a month or two."

Mr Macleod said progress had been made more difficult by the need to take into account the likely effects of the introduction of the harmonised system.

"While we have made some progress in narrowing down the problem areas, there remains significant problems both in the area of a few of the categories affected by re-categorisation and in relation to products affected by changes of definitions.

"We shall be looking into these problems in more detail.

"We shall also be assessing in consultation with the Textile Advisory Board the possible implications in other markets."

The Textile Advisory Board, chaired by Mr E.P. Ho advised the Hong Kong team.

Mr Ho commented the lack of progress was a little disappointing, but not entirely unexpected.

"The problem arising from the harmonised system are complicated and important and the contribution of our industrial advisers on the textile advisory board in this sensitive area was particularly useful."

RENMINBI DEVALUATION TO AFFECT DAYA BAY PROFITS

HK230251 Hong Kong SOUTH CHINA MORNING POST in English 23 Jul 86 p 1

[By Albert Chan]

[Text] The recent drastic devaluation of the renminbi, the Chinese national currency, is likely to eat into the Daya Bay nuclear plant's expected profit.

This will in turn affect the ability of the Chinese to repay the multi-billion dollar loans needed to build the project.

This was disclosed by Mr Liang Hanchao, general manager of Guangdong Nuclear Investment Company (GNIC), China Light and Power Company's partner in Daya Bay.

Beijing announced a 15.8 per cent devaluation of the renminbi earlier this month and the current rate is 3.7 yuan to the U.S. dollar.

In fact, the drop has been even sharper compared with early 1985, when China Light signed a joint venture contract with the Chinese for the construction and financing of the $27 billion nuclear station.

In that contrast, it was agreed that China Light, through its subsidiary Hong Kong Nuclear Investment Company (HKNIC), would buy 70 per cent of the total electricity output from the station and pay GNIC in foreign exchange.

This was to enable China to get enough foreign currency to pay off the foreign bank loans for the project.

But the rest of the output will be consumed by Guangdong province and this is the part that is worrying the Chinese.

Since this portion of the electricity will be used by mainlanders, it will be paid for primarily in renminbi.

The Chinese are planning to change a large part of this renminbi into U.S. dollars for repayment of the foreign loans.

The devaluation will thus have a serious impact on the expected income generated from this local sale of electricity.

According to Mr Liang, the foreign exchange Hong Kong will provide when power is sold to China Light, will not be adequate for full repayment of the loans.

Officials involved with the project are pinning their hopes on nationwide tariff increases for electricity.

"We believe it will come sooner or later and probably before the early 1990's when the Daya Bay plant is commissioned," Mr Liang said.

Although prices for more and more commodities are being freed from strict state limits, electricity is still controlled.

There is no standard charge for electricity in China, but the general tariff is far below cost, Mr Liang said.

This is made possible because the state subsidises the power companies to make sure the basic living cost is kept at a very low level.